



KENTUCKY LABOR CABINET  
2010 ANNUAL REPORT





# KENTUCKY LABOR CABINET

## PROGRAM INFORMATION AND ANNUAL REPORT

Fiscal Year 2009-2010





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\* Kentucky Occupational Safety and Health Review Commission is affixed to the Labor Cabinet for administrative/budget purposes only.



KENTUCKY LABOR CABINET  
1047 U.S. HWY 127 SOUTH  
FRANKFORT, KENTUCKY 40601  
502-564-3070  
[www.labor.ky.gov](http://www.labor.ky.gov)

KENTUCKY LABOR CABINET  
**DEPARTMENT OF WORKERS' CLAIMS**  
657 CHAMBERLIN LANE  
FRANKFORT, KENTUCKY 40601  
502-564-5550  
[www.labor.ky.gov/workersclaims/](http://www.labor.ky.gov/workersclaims/)

GENERAL ADMINISTRATION AND PROGRAM SUPPORT SERVICES  
(GAPS)  
CAPITAL PLAZA TOWER  
500 MERO STREET  
FRANKFORT, KENTUCKY 40601  
502-564-5525

OFFICE OF INSPECTOR GENERAL  
SUITE 61 WILKINSON BLVD.  
FRANKFORT, KENTUCKY 40601  
502-564-1985





PUBLICATIONS OF THE LABOR CABINET

OFFICE OF THE SECRETARY

The Kentucky Labor Cabinet Annual Report  
Cabinet Newsletter – *Labor Works*

DIVISION OF EMPLOYMENT STANDARDS, APPRENTICESHIP AND MEDIATION

Kentucky Wage and Hour Law (Poster)  
Kentucky Child Labor Laws (Poster)  
Kentucky Wage Discrimination Based on Sex (Poster)

OCCUPATIONAL SAFETY AND HEALTH PROGRAM (COMPLIANCE, EDUCATION & TRAINING)

- \* Bloodborne Pathogens
- \* Electrical Safety
- \* General Industry Checklist
- \* Hazard Communication
- Kentucky Labor Cabinet Brochure
- Kentucky Census of Fatal Occupational Injuries
- Kentucky Occupational Injuries and Illnesses Survey, 1994
- \* Kentucky Occupational Safety and Health Facts and Services
- \* Kentucky Occupational Safety and Health Standards for General Industry
- \* Kentucky Occupational Safety and Health Standards for Construction Industry
- \* Kentucky Supplement to Construction Standards
- \* Kentucky Supplement to General Industry Standards
- Kentucky Survey of Occupational Injuries and Illnesses
- \* Lockout/Tagout
- \* Machine Safeguarding
- \* Mechanical Power Press Safety
- Noise and Hearing Conservation
- \* Personal Protective Equipment for General Industry
- \* Powered Industrial Trucks
- \* Requirements for Means of Egress and Fire Protection
- Respiratory Protection
- Safety and Health Protection On the Job (Poster)
- Safety Partners Program Brochure
- Tuberculosis Guidelines



Voluntary Protection Partnership of Kentucky (Brochure)

Voluntary Protection Partnership of Kentucky (Packet)

\* Welding, Cutting and Brazing

\* Your Back and Your Job

\* *Publications available at Labor Cabinet website*

*Publications may be obtained by writing the appropriate division at the following address:*

Kentucky Labor Cabinet  
1047 U. S. Highway 127 South, Ste. 4  
Frankfort, Kentucky 40601  
<http://www.labor.ky.gov>

## **THE DEPARTMENT OF WORKERS' CLAIMS**

The Department of Workers' Claims Annual Report

Acute Low Back Problems in Adults

The Kentucky Official Workers' Compensation Medical Fee Schedule (2008 through 2010)

2008 Kentucky Workers' Compensation Guide Book

2010 Benefits Schedule

**Kentucky's Detailed Codes and Definitions Manual**

PPD Calculator

Medical Index Numbers (A thru Z)

Medical Index Numbers by Specialty

2010 Discount Rate Order

Lump Sum Settlement Discount Table

New HIPPA Regulation and Disclosure Form

**U.S. Supreme Court Decision "Any Willing Provider"**

**Workers' Compensation Coverage for Healthcare Workers**

2005 Vocational Rehabilitation Poster

2006 Treatment Guidelines Subcommittee Reports

*Publications may be obtained by writing the appropriate division at the following address:*

### **Department of Workers' Claims**

657 Chamberlin Lane  
Frankfort, Kentucky 40601  
<http://www.labor.ky.gov/workersclaims>



## PRINCIPAL OFFICERS OF THE LABOR CABINET

July 1, 2009 through June 30, 2010

Cabinet Secretary	J. R. Gray
Deputy Secretary	Mark Brown
Executive Advisor to the Secretary	Susan Long
Policy Advisor	Mike Donta
General Counsel	David Suetholz
Director, Division of Management Services	Willie Lile
Commissioner, Department of Workplace Standards	Mike Dixon
Director, Division of Occupational Safety and Health Compliance	Susan Draper
Director, Division of Occupational Safety and Health Education and Training	Kimberlee Perry
<b>Director, Division of Workers' Compensation Funds</b>	Robert Whittaker
<b>Commissioner, Department of Workers' Claims</b>	Dwight Lovan
<b>Deputy Commissioner, Department of Workers' Claims</b>	Wayne Logan
<b>General Counsel, Department of Workers' Claims</b>	Charles Lowther
<b>Director, Division of Claims Processing, Department of Workers' Claims</b>	Ingrid Bowling
<b>Director, Division of Security and Compliance, Department of Workers' Claims</b>	John Burkholder
<b>Director, Division of Information and Research, Department of Workers' Claims</b>	Frances Davis
<b>Director, Division of Ombudsman and Workers' Compensation Specialist Services, Department of Workers' Claims</b>	Lucretia Johnson
<b>Chair, Workers' Compensation Board</b>	Michael W. Alvey
<b>Chief Administrative Law Judge, Department of Workers' Claims</b>	Scott Borders (acting)
<b>Chair, Occupational Safety and Health Review Commission</b>	Faye Liebermann
<b>Executive Director, Workers' Compensation Funding Commission</b>	J. R. Wilhite
<b>Executive Director, Office of General Administration Program Support</b>	Holly McCoy-Johnson
<b>Inspector General, Office of Inspector General</b>	Deedra Benthall
<b>Chair, Workers' Compensation Nominating Committee</b>	Grover Arnett



BOARDS AND COMMISSIONS OF THE LABOR CABINET

KENTUCKY STATE LABOR RELATIONS BOARD

Gary Best, Chair	LaGrange
Mollie Bowers	Walton
Barry Carter	Kevil

PREVAILING WAGE REVIEW BOARD

Thomas Gumm (Construction)	Glasgow
Charles McCoy (Labor)	Owenton

KENTUCKY STATE APPRENTICESHIP AND TRAINING COUNCIL

Howard L. Dawes (Employee)	Calvert City
Kyle T. Henderson (Employee)	Paducah
Danny Kehl (Employee)	Louisville
Gary Osborne (Employee)	Owensboro

Angie College (Employer)	Frankfort
Kenneth Sheridon (Employer)	Louisville
Cynthia Yates (Employer)	Louisville
Michael Willand (Employer)	Harrodsburg

(At Large)	
Cindy McCullough (Employer)	Louisville

(Ex Officio)	
Mike Dixon, Commissioner Labor Cabinet Workplace Standards	Frankfort

(Ex Officio)	
Dr. Jay Box, Chancellor Community and Technical College System	Versailles

(Ex Officio)	
Beth Brinley, Commissioner Department of Workforce Investment	Frankfort

CHILD LABOR COMMITTEE

Dinah Bevington Personnel Cabinet	Frankfort
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Howard Klein Health & Family Services	Prospect
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Nijel Clayton Education	Louisville
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Cynthia Fox Human Rights Commission	Louisville
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## OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD

### INDUSTRY

Alison Muth	Union
Vaughn Plummer, PHD	Owensboro
Lisa Winchester	Bardstown

### LABOR

John Brothers (Chair Pro-Tem)	Louisville
Donna S. Haynes	Philpot
Isa Shabazz	Louisville

### SAFETY & HEALTH

David Folk	Bowling Green
David T. Hart	Paducah
Donna M. Ringo	Louisville

### AGRICULTURE

Beth Tillery	McKee
S. Savannah Wade	Lexington
Pamla A. Wood	Harrodsburg

J. R. Gray, *Chair*

Secretary Labor Cabinet	Frankfort
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## KENTUCKY OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

### Employers

Paul C. Green, II	Louisville
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### Occupational Safety and Health Professionals

Michael L. Mullins	Hindman
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### Labor & Employees

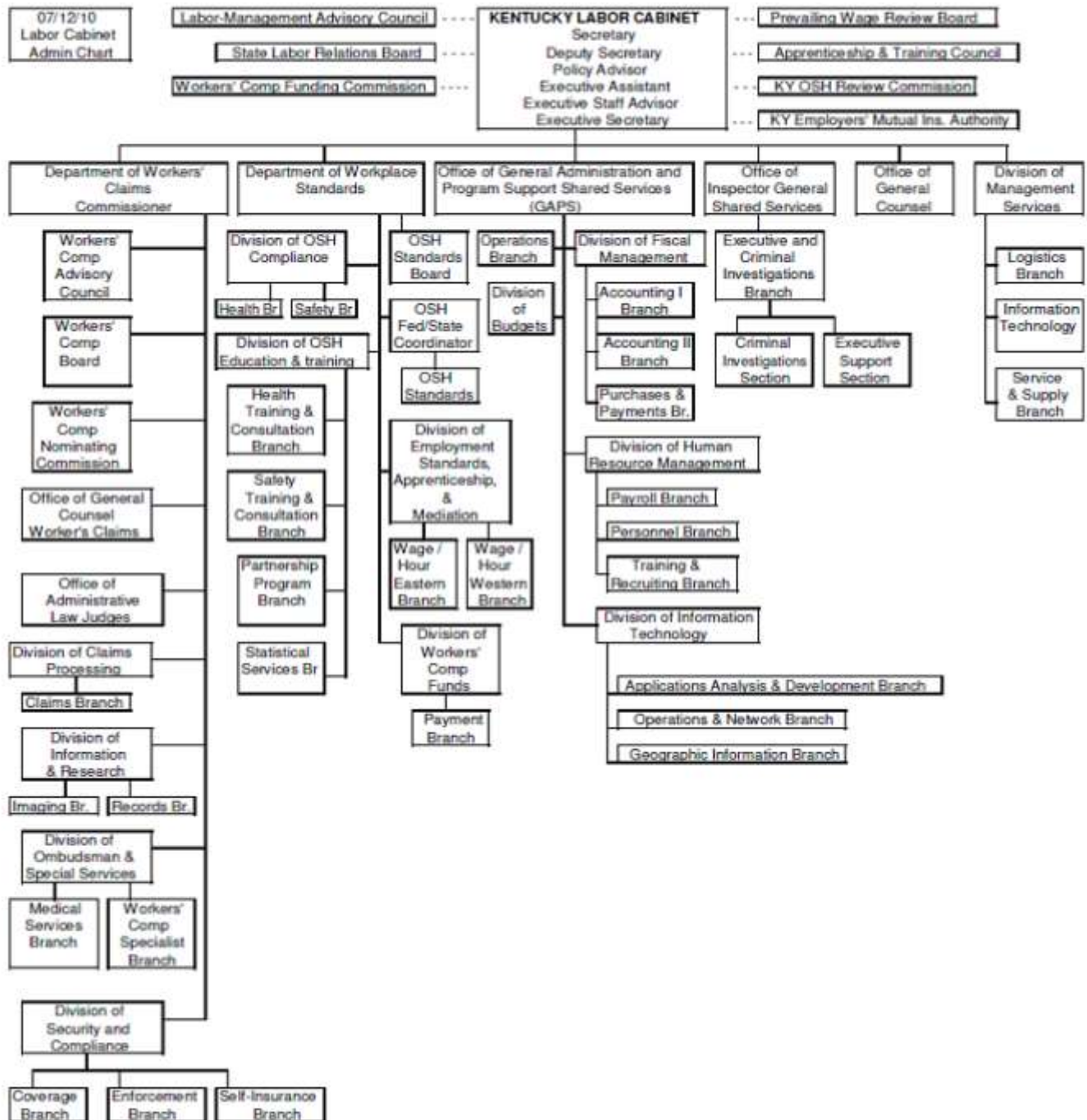
Faye Lieberman, <i>Chair</i>	Lexington
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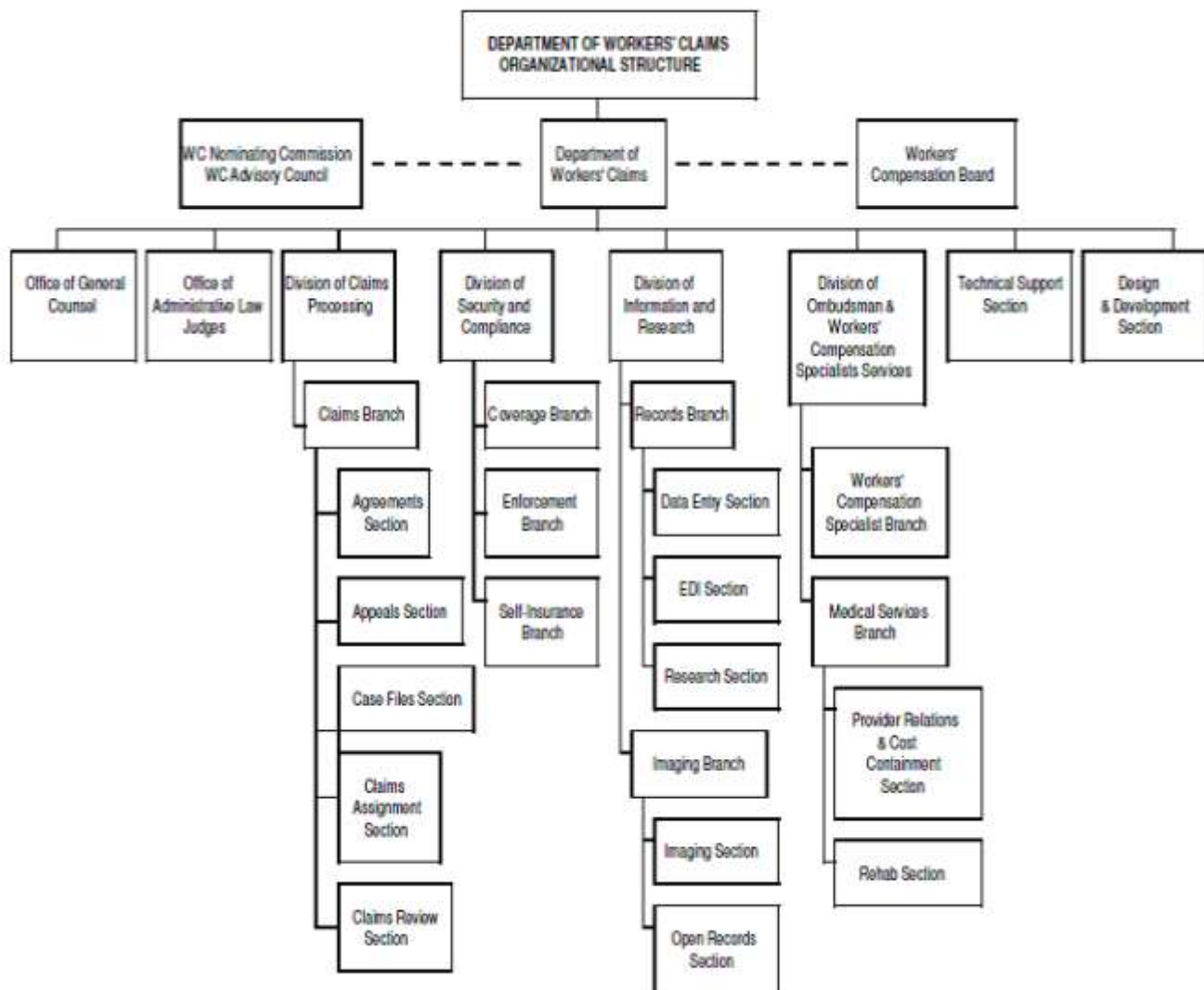
## **WORKERS' COMPENSATION NOMINATING COMMISSION**

Hon. William Grover Arnett	Salyersville	
Charles Baird	Pikeville	<i>Term expired 12/4/09</i>
Donald Colston	Frankfort	<i>Term expired 12/4/09</i>
William Dave Disponett	Lawrenceburg	
Brockton L. Edwards	Louisville	
Hon. James G. Fogle	Louisville	
Charles E. McCoy	Owenton	<i>Term effective 12/5/09</i>
Hon. John Wathan Morgan	Lexington	<i>Term effective 12/5/09</i>
Hon. Charles Phillip Wheeler, Jr.	Pikeville	



## LABOR CABINET ORGANIZATIONAL STRUCTURE







## MISSION STATEMENT

***The Labor Cabinet's mission is to administer Kentucky's workplace standards and workers compensation laws through education, mediation, adjudication and enforcement, in order to promote safe, healthful and quality working environments for employees and employers; to foster cooperative relationships between labor and management; and to promote fair compensation.***



## VISION

- To be a fair, aggressive, national leader in ensuring safe, equitable workplaces and in promoting cooperative labor-management relationships.
- To advocate quality working environments and fair compensation in the workplace.
- To have a highly-skilled, trained, and committed workforce, equipped with the latest technology to ensure the responsible administration and prompt delivery of Labor Cabinet services.



## CORE VALUES

**Integrity:** To perform our duties ethically, impartially, professionally and consistently.

**Accountability:** Being ethically, fiscally, and professionally responsible in accordance with statutory and regulatory parameters.

**Service:** To utilize our resources efficiently and competently in order to meet the needs of those we serve in a respectful and courteous manner.

**Innovative:** To be adaptable and creative in our pursuit of continuous improvement in the delivery of services.

**Commitment:** Being dedicated to performing our duties to the best of our abilities while striving **for continuous improvement to fulfill the Cabinet's mission.**

**Transparency:** To promote public confidence and trust.



A 26-year veteran of the Kentucky House of Representatives, J.R. Gray was appointed Commissioner of Labor on December 12, 2007, and elevated to the position of Secretary of the Kentucky Labor Cabinet with the signing of an Executive Order by Governor Steven L. Beshear effective June 16, 2008. He served in the Sixth House District until December 12, 2007, when he resigned to accept the appointment of Commissioner of Labor by Governor Beshear. For the majority of his tenure in the House, he held the distinction as the Chairman of the House Labor and Industry Committee.

Secretary Gray has been an instrumental advocate for the annual Labor-Management Conference, which is held in September in Western Kentucky at Kentucky Dam Village State Resort Park.

**"As a working person for my entire adult life, I feel a true compassion for all working men and women across our great nation. Nothing is more sacred to our wage earners and their families than a safe and healthy work environment. As Secretary of the Kentucky Labor Cabinet, it is my goal to assist our employers in their efforts to provide safe and healthful work**

**environments. Likewise, I will strive for fair and consistent enforcement of all laws and/or regulations which apply to all employees and employers. It also will be my intent to help create good labor-management relations and to make our future annual labor-management conferences at Kentucky Dam Village bigger and better than ever."**

Secretary Gray earned his Journeyman Machinist card in the steel industry in Northern Indiana, while a member of Local 1011, United Steel Workers of America, East Chicago, Indiana. He later worked in Calvert City, Kentucky, in the industrial chemical complex. He was a member of Machinists Union, Local 1294, and served as Directing Business Representative of Machinists District 154 for 20 years. Secretary Gray and Yvonne, his wife of 52 years, now reside in Marshall County. Their children and grandchildren also reside in Marshall County.







A lifelong resident of Kentucky, Mark S. Brown was appointed to the post of Deputy Commissioner of Labor on January 17, 2008, and elevated to the position of Deputy Secretary of the Kentucky Labor Cabinet with the signing of an Executive Order by Governor Steven L. Beshear effective June 16, 2008.

**"I am thrilled that Secretary Gray has asked me to join him. Kentucky employers and employees face many challenges in today's world market. It is my goal to assist Secretary Gray in promoting friendly and cooperative relations between employers and employees, thereby fostering and developing the welfare of both wage earners and industries and advancing their opportunities for profitability and employment."**

Deputy Secretary Brown served as a State Representative in the Kentucky Legislature from 1985 to 1998, representing the 27th district of Meade, Hardin, and Bullitt counties. During this tenure, he chaired numerous committees, including serving as Vice-chairman of the Labor and Industry Committee and Chairman of the Job Training, Licensing, and Apprenticeship Subcommittee. He also served as Chairman of the Budget Subcommittee on General Government, which included oversight of the Department of Labor budget.



In 1998, Deputy Secretary Brown was elected to the post of Meade County Judge/Executive. He is a long-standing member of the Pipe Fitters Union Local 502, working in the chemical and mechanical industries. While attending Western Kentucky University, he was an active member of the Kentucky Young Democrats, serving as state treasurer in 1979 and state president in 1981. He also served as state labor liaison to the National Young Democrats organization.

Deputy Secretary Brown was born in Meade County, Kentucky, and is a lifelong resident of Brandenburg, where he lives with his wife, Donna. They have three children, Mark, Rachael, and Bridgette, and five grandchildren.





Mike Dixon brings over 30 years' experience in representing the commonwealth's workforce as a union representative and officer. Mike has been an active member in the Plumbers and Steam Fitters Local # 248 and has represented employees in the Kentucky Pipe Trades Association. Mike has also served as a board member of the Kentucky State AFL-CIO as well as a delegate to the Ashland Area Labor Council. As a board member of the Kentucky State Building and Construction Trades Council, Mike served as its secretary-treasurer. He was also trustee of the Tri-State Building and Construction Trades Council. In addition, Mike has served his International Union as a hearing officer and as a member on several vital committees.

As a graduate of the University of Kentucky's Center for Labor Education and Research Union Labor Leadership Program, Mike realizes the need to improve the skills of construction labor through the development and improvement of apprenticeship programs. Mike was instrumental in developing a pilot program in conjunction with the Ashland Community Technical College, which grants direct entry of their graduates into the local apprenticeship program and provides financial incentives to those participants who continue their education by earning their associates degree.

Mike also worked with the Tri-State Building Trades Council to develop a program to provide safety training and drug awareness training, as well as provide a drug testing program for construction workers. This program, known as Tri-State Labor Education and Development, is now used by all major construction employers in the tri-state area. He was appointed to serve as Commissioner in January 2008.



**Commissioner Dwight T. Lovan received his Bachelor's degree from Baylor University and J.D. from the University of Kentucky College of Law. Admitted to the Kentucky Bar in 1977, Commissioner Lovan worked for 15 months as a staff attorney for the Kentucky Court of Appeals with responsibility for workers' compensation appeals. From 1979 to 1990 he practiced law in Owensboro concentrating in the areas of workers' compensation and civil litigation.**

In May of 1990, Commissioner Lovan was appointed Administrative law Judge and remained in that position until August of 1994 when he was named to the Kentucky Workers' Compensation Board. Between July 2000 and January 2004, Commissioner Lovan served as Chairman of the Kentucky Workers' Compensation Board before returning to private practice in the firm of Jones, Walters, Turner and Shelton. He was appointed to serve as the Commissioner of the Department of Workers' Claims in February 2008.



## CABINET HISTORICAL OVERVIEW

The Kentucky Labor Cabinet was originally established by the General Assembly in 1962, via Executive Order 83-65, and operates under the authority of KRS 336.015 and KRS 342. In December 2003, Governor Ernie Fletcher combined the Labor Cabinet, the Natural Resources and Environmental Protection Cabinet, and the Public Protection Cabinet into one large cabinet called the Environmental and Public Protection Cabinet (EPPC). The Labor Cabinet was given departmental status under this reorganization. In 2009, by Executive Order 2009-537, the Department of Labor was again reorganized to cabinet status and was affirmed in 2010 by HB393.

The Labor Cabinet is comprised of the Office of the Secretary, the Office of General Counsel, the **Department of Workers' Claims and the Department of Workplace Standards**. In addition, the **Labor-Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Kentucky Occupational Safety and Health Review Commission and the Kentucky Employers' Mutual Insurance Authority** are affixed to the Cabinet for administrative purposes only. The Office of Inspector General (OIG) and the Office of General Administration and Program Support (GAPS) are also affixed to the Cabinet for administrative purposes and as a support arm for the Labor Cabinet, the Energy and Environment Cabinet and the Public Protection Cabinet. The Secretary of the Labor Cabinet serves as the appointing authority for both the OIG and GAPS.

## PROGRAM AREA: OFFICE OF THE SECRETARY

**DESCRIPTION:** The Secretary of the Labor Cabinet serves as the chief executive officer and the appointing authority for the Cabinet. However, the Cabinet is unique in that a separate appointing authority exists for the **Department of Workers' Claims**. Under the authority of KRS 342, a Commissioner is appointed to head the agency, due to specific legal requirements associated with **Kentucky's Workers' Compensation Program and the Workers' Compensation Board**. He is also the Chairman of the Occupational Safety and Health Standards Board.

The primary responsibility of the Office of the Secretary is to ensure that divisions and offices falling under the auspices of the Cabinet work within the jurisdiction of Kentucky labor law to **ensure equitable and fair treatment of the Commonwealth's 2,113,000 wage earning employees**. Specifically, the Cabinet, according to regulation, shall have the duties, responsibilities, power, and authority relating to labor, wage and hour issues, occupational safety and health of employees, **child labor, apprenticeship, mediation services, workers' compensation insurance, and all other matters** under the jurisdiction of the Labor Cabinet, and can act on regulations, in absence of the OSH Standards Board. In addition, the Office of the Secretary serves to coordinate and promote positive and progressive working relationships between labor and industry, while simultaneously **enforcing Kentucky's labor laws**. The Office of the Secretary's office is staffed by five (5) employees who carry out day-to-day administrative functions for the Office and the Cabinet-at-large.





**FUNDING SOURCE:** Funding for this appropriation unit is derived from assessments against **workers' compensation insurance premiums (or simulated premiums for self-insurance)** paid by all Kentucky employers pursuant to KRS 342.122). All assessments are collected, managed, invested, and disbursed by the **Kentucky Workers' Compensation Funding Commission** pursuant to KRS 342.122; KRS 342.1223; and KRS 342.1242.

**APPLICABLE STATUTES:** KRS 336.015; KRS 342; AND EXECUTIVE ORDER 2009-537

**PROGRAM STATUS:** The Cabinet, having recently been returned to cabinet status, has been in the process of realignment since early 2008. In the process of restructuring and, due to the necessity of cutting costs to meet budget reductions, managers throughout the Cabinet have been looking at ways to stream-line work procedures and to work smarter, not harder.

During 2010, the Cabinet hosted a series of regional information seminars across the Commonwealth. Details regarding the programs of the Cabinet were shared with the business community as well as the general public. These seminars were well received and well attended in the areas where we hosted them.





## PROGRAM AREA: THE DIVISION OF MANAGEMENT SERVICES

**DESCRIPTION:** The Division of Management Services is the support arm for the Labor Cabinet and it is responsible, in accordance with all applicable statutes, regulations, and policies for all fiscal functions of the Cabinet, including budgeting and accounts receivables and payables; the processing of all personnel documents and time and attendance records for payroll purposes; employee benefits; the information technology services for the Cabinet-at-large; all postal services for the Cabinet and the routine maintenance of buildings and grounds. This division serves as the liaison between the Office of General Administration and Program Support Services (GAPS) and the Cabinet. The Division of Management Services is currently staffed by 28 highly experienced full-time personnel.

**FUNDING SOURCE:** Funding for the Division of Management Services is derived from assessments **against workers' compensation insurance premiums (or simulated premiums for self-insurance** paid by all Kentucky employers pursuant to KRS 342.122). All assessments are collected, managed, **invested, and disbursed by the Kentucky Workers' Compensation Funding Commission pursuant to** KRS 342.122; KRS 342.1223; and KRS 342.1242.

**APPLICABLE STATUTES:** KRS 336.122 AND EXECUTIVE ORDER 2009-537

**PROGRAM STATUS:** The Division of Management Services is comprised of the Fiscal Branch, the **Information Technology Services Branch, and the Service and Supply Branch. The Director's staff** processes all personnel documents for the Cabinet. The Office of General Administrative Program Support (GAPS) processes payroll for the Cabinet and moves other completed documents for fiscal processing through the procurement system.

The Division has recently completed the 2011-2012 Cabinet biennial budget and continues to work to administratively serve all organizational units of the Cabinet. The Division has experienced many major accomplishments in 2009-2010 and continues to look for ways to efficiently conduct day-to-day business. The following are some of the accomplishments and successes realized over FY 2009-2010:

- The new Kentucky Human Resource Information System (KHRIS) is in the initial stages of parallel testing and training. The Division has been actively involved with parallel testing, schedule writing, and the initial paper flow processes for KHRIS implementation.
- Phase I will include human resources, payroll, benefits, collections and disbursements, time keeping for timekeepers, and employee and manager self service (ESS/MSS). The launch date is scheduled for April 2011.
- Phase II will include open enrollment, enhanced ESS/MSS, timekeeping to employees, and training. The launch date for Phase II is approximately April 2012.
- Phase III will include employee evaluations, employee suggestion system and enhanced reporting and tools. No launch date has been set for Phase III.
- Parallel testing for the new KHRIS program began November, 2010 and will continue through April, 2011.
- New Cabinet personnel policies and procedures have been developed to align with the new Cabinet reorganization. The procedures are in place and working well. Continuous review and edit will be ongoing.



- A one-year management training program was completed in FY 2009-2010. Managers received training on issues ranging from basic human resource management to detailed training involving regulation and statutory review and understanding. The classes were very successful and the Division is exploring other training opportunities in business management for public supervisors.
- The Division of Management Services processes all personnel documents for the Cabinet. In addition, this office conducts new employee orientation, verifies KRONOS (time records) for payroll purposes, processes and advises on all personnel disciplinary actions, monitors Americans with Disability Act (ADA) issues, and processes all requests for family medical leave (FMLA).
- A new bar code inventory system was developed for use in managing and tracking fixed assets. The system is on line and has proven to be an excellent program for inventory and insurance control. The Cabinet has for the first time in six (6) years a realistic inventory record of properties owned by the Cabinet. The new system has resulted in savings in insurance premiums for coverage relating to fixed assets. A physical fiscal inventory was completed in February, 2009.
- The Logistics Branch has processed numerous transactions with an excellent audit record during 2009-2010. Over 700 Pro-card transactions were completed; 800 payment requests (PRC) and general accounting expenditures (GAX) were completed in the eMars system; there were 100 contracts for goods and services completed; and 16 personal service contracts for goods and services were developed. The procurement staff attended mandatory and voluntary training events throughout the fiscal year in an effort to stay abreast of changing purchasing policy and regulation.
- The Logistics Branch manages 21 accounts within the Cabinet in addition to 79 off-budget escrow accounts for Employment Standards Wage and Hour and 12 off-budget escrow **accounts for Workers' Claims.**
- In 2009-2010, the Logistics Branch has participated in two (2) onsite audits. One audit was conducted by the U.S. Department of Labor on the Occupational Safety and Health (OSH) 23 **(g) Grant. The second audit was conducted by Potter and Company on the Workers' Compensation Fund.** Both audits reported good findings.
- The Logistics Branch assisted with and participated in the submission of five (5) federal grants. These five (5) grants resulted in new revenues of \$3,825,159 for Cabinet special projects.
- Personnel within the Logistics Branch participated in monthly audits of all cell phone and Blackberry billing accounts. Substantial savings have been realized by monitoring calling plans and phone/Blackberry usage.

The Systems Design and Development Section of the Information Technology Branch currently provides *daily maintenance and support to over fifty (50) custom computer applications and/or programs.* Some of the systems completed or nearing completion in FY 2009-2010 are as follows:

- *SharePoint* – New program code was written to replace the old CMS computer code. This rewrite permits users who modify Internet content for their program areas to do it with ease in a user friendly interface.



- *IT Service Request* – A new application that allows users to electronically request billed IT services to be added, removed, or cancelled. The new application helps sync monthly service billings with actual active accounts from the Commonwealth Office of Technology (COT), ATT & others.
- *Supply Man* – The IT support group developed an application that allows for order tracking, retrieval, and processing of all supply orders placed by the Labor Cabinet. The application is has been very successful and has provided added efficiency in tracking orders.
- *Software Inventory* – This application tracks all software purchased, license keys, vendor information and warranty expiration and renewal.
- *Online Complaint Form* – A new application has been developed that allows the public to fill out online OSH complaint forms and submit electronically.
- *OSH Compliance Activity* – This application is used for documenting and storing inspection, complaint, and referral information for compliance activity. IT is currently in the process of rewriting this application to new user specifications.
- *Mobile Inventory System* – The Mobile Inventory System application has been implemented to allow for scanning assets via a wireless bar code scanner. Modifications are also being made to allow for real time asset reference and better usability. The new system has provided a method for producing an accurate fixed asset inventory. The system compares data against the eMars fixed assets database and identifies problem areas. The system has been instrumental in the audit of current insurance policies for fixed assets and inland marine coverage.
- *Reg-Watch* – This program automatically sends regulation changes to all registered users who have signed up on the Ky.gov web page.
- *Network Monitoring* – This program allows network staff to monitor server systems for availability and up time.
- *Intra Agency Request* – The Intra Agency Request program is in the first phase of an internal procurement program which allows electronic approval of purchasing and capital transfer documents. The new system will eliminate paper, provide a faster and more efficient approval pathway, and eliminate lost documents.
- *Emergency Alarm Notification System* – This new program provides for an emergency electronic voice activated alarm computer system that instantly alerts Cabinet personnel of pending danger, such as fire, tornado or dangerous intruder alert. The system uses the office pc system and the computerized telephone system to deliver this application. This is apparently, the first of such a system to be used in state government.

The Networking Section of the Information Technology Branch is responsible for maintaining the network infrastructure along with supporting nearly 400 computer users within the Labor Cabinet. There have been significant accomplishments by this section during FY 2009-2010. Some of t h o s e are as listed herein:

- The Labor Cabinet Internet/Intranet is in the final phase of installation and implementation. The new system called *SharePoint* has been installed and configured and will replace the CMS system that can no longer be supported. The proper training has been given to all staff and once the live data is moved, the Cabinet will move to the new system.
- The migration of the FileNet imaging system from optical disc to a storage area network



(SAN) solution has been completed. This project has moved the physical optical platter device and allows documents images to be written to a unique EMC Celerra SAN. The old jukebox storage system has been eliminated and the new system allows for faster more efficient backup of document storage.

- **The Department of Workers' Claims' (DWC) image system document import server, formerly located in the Labor Cabinet central office building, has been relocated offsite to the Department of Workers' Claims. This allows DWC to work directly with any image system problems and to more efficiently monitor those systems.**
- The server software, VMWare, was implemented in 2004. Since then, more than twenty-five physical servers have been consolidated into approximately three physical devices. Within the last year, the Cabinet has upgraded VMWare to the latest, most up to date software. The annual evaluation and analysis is now complete. The Cabinet is incurring a cost savings as the result of the new software upgrade.
- The Labor Cabinet has modified the network infrastructure and moved an IBM DS3300 SAN and server to DWC. The SAN allows Labor to have offsite backup and recovery of critical files. The device is currently used as backup of Occupational Safety and Health Compliance (OSH) photos, OSH Education and Training (E & T) project folders and all VM Ware server backup files. The server gives the ability to start up all servers running in the Labor Cabinet building from the DWC office building located on Chamberlin Lane, Frankfort, in the event of a catastrophic event. An updated disaster recovery plan is in revision stage. The revision will provide written and historical documentation for disaster recovery in a short time frame.
- A new Datapulse pager server has been installed. The new software allows for all agency paging in the Labor Cabinet office building. The system bypasses the old system that resides at COT.
- IT processes approximately 2,285 helpdesk calls annually.

The Imaging Section is responsible for scanning and converting all paper documents for the Cabinet to electronic format. The most recent accomplishments include:

- The Section imaged a total of 20,380 documents for the Cabinet in FY 2009-2010.
- Personnel of this Section are in ongoing discussions with the Federal-State Coordinator to begin a project to image their office files. The plan is in its early stages with a projected roll-out date of FY 2011-2012.

The Division of Management Services has responded to over 150 building maintenance calls. Such calls include repair problems with heating and air conditioning systems, lighting issues, electrical problems, roof leaks, plumbing problems, security problems, janitorial complaints, problems with parking lot issues, painting and other repairs, and general maintenance requests.

The Division of Management Services is staffed currently with 29 professional career employees **who are dedicated to fulfilling the Cabinet's mission. They are quick to respond to requests for assistance and have excelled during FY 2009-2010 with limited budget resources and limited manpower.**





PROGRAM AREA: OFFICE OF GENERAL COUNSEL

**DESCRIPTION:** The Office of General Counsel provides the Secretary and other executive officers with expert legal representation and assistance for enforcement of KRS 67C, 207, 337, 338, 339, 342, 343, and 345. The Office of General Counsel is staffed by 12 personnel, eight (8) of whom are attorneys.

**FUNDING SOURCE:** Funding for this appropriation unit is derived from assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance paid by all Kentucky employers pursuant to KRS 342.122). All assessments are collected, managed, invested, and disbursed by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.122; KRS 342.1223; and KRS 342.1242.



**APPLICABLE STATUTES:** KRS 336 and Executive Order 2009-537. The mandate of the Kentucky Labor Cabinet under the Kentucky Revised Statutes (hereinafter "KRS") **336 et seq. is to protect the working women and men of Kentucky and to promote harmonious industrial relations.** The Office of the General Counsel is the legal arm of the Cabinet and is responsible for enforcing KRS 207 (prohibition of discrimination based on disability or the human immunodeficiency virus); KRS 337 (wage and hour, prevailing wage and prohibition of sex discrimination), KRS 338 (occupational safety and health), KRS 339 (child labor), KRS 342 (the special fund), 343 (The Apprenticeship and Training Program), KRS 67C.400 to 418 (collective bargaining for police officers) and KRS 345 (collective bargaining for firefighters).

**PROGRAM STATUS:** The majority of the work performed by the Office of General Counsel (OGC) is the prosecution of wage and hour, prevailing wage and occupational safety and health violations. The OGC had a successful year from June 2009 through September, 2010.

Wage and hour recoveries increased drastically with a renewed emphasis on protecting public projects and the prevailing wages promised to workers. The OGC actually sent attorneys to public worksites to gather critical evidence that eventually led to settlements in two cases with a total wage recovery of more than 1.5 million dollars. One of these cases was highlighted by the United States Department of Labor at a conference in Houston as a case study for enforcement when employers exploit immigrant workers.

The OGC also established formal ties with the Federal Department of Homeland Security and its Immigration Customs and Enforcement division as well as the Internal Revenue Service criminal division to investigate and prosecute a contractor whose violations of tax, labor and OSH laws were so egregious that joint enforcement was necessary.



Besides the above two cases, the OGC helped collect \$659,926.41 in wages for Kentucky workers from June 2009 through September 2010. This figure includes a settlement with a temp agency who was charging day laborers for the cost of their own drug screens every time they were sent to a new employer. Though the recovery was on average less than \$20 per person, the OGC changed the practice that adversely affected over 3,000 workers. The secretaries of the OGC are to be commended for managing such a voluminous class of claimants.

In many ways this year was the year of the firefighter. Several large cities including Louisville/Metro, Covington and Owensboro settled longtime overtime disputes with the assistance of the OGC and the Department of Workplace Standards with a wage recovery of over 46 million dollars. The OGC also successfully defended the ability enforce the wage and hour laws against small cities in litigation that is now before the Kentucky Supreme Court.

**The OGC also made considerable headway in enforcing Kentucky's Occupational Safety and Health laws as well.** In September, 2009 attorneys quickly engaged company representatives to address imminent safety concerns at AK Steel in Ashland. The OGC ultimately crafted a three party agreement (including the bargaining representative for the United Steelworkers) to address the safety concerns but also to ensure that the facility remained viable for ongoing production. Federal OSHA specifically reviewed this settlement and complimented the OGC on its ingenuity.

The OGC was victorious in proving three willful violations against three separate employers. Willful violations carry much large penalties and also impose a much larger burden of proof on the Cabinet.

The OGC collected \$386,293.19 from August 2009 through September 2010 in contested and delinquent occupational safety and health penalties which was deposited directly into the General Fund for the state. Further, the OGC filed 131 occupational safety and health liens for delinquent penalties.





PROGRAM AREA: THE DEPARTMENT OF WORKPLACE STANDARDS

**DESCRIPTION:** The Commissioner's Office serves as the oversight unit for all programs and functions assigned to the Department of Workplace Standards. The Department is comprised of the Divisions of Occupational Safety and Health Compliance (OSH); the Federal-State Coordinator's office; the Division of Employment Standards, Apprenticeship and Mediation; the Division of Occupational Safety and Health Education and Training (E&T); and the Division of Workers' Compensation Funds (WCF).

The Department of Workplace Standards has the primary responsibility of enforcing Kentucky's occupational safety and health laws, wage and hour laws, child labor laws, the administration of the Coal Workers' Compensation Funds and the Special Fund, and providing education, training, and consultation services to Kentucky's employers. In addition, this division is charged with the responsibility of providing mediation services and apprenticeship services when requested.

**FUNDING SOURCE:** The Department of Workplace Standards receives funding from the General Fund, federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration and restricted agency dollars garnered through the Workers' Compensation Funding Commission under the authority of KRS 342.

**APPLICABLE STATUTES:** KRS 67; 336; 337; 338; 339; 342; 343; 345; 388; and Executive Order 2009-537.

**PROGRAM STATUS:** The Department of Workplace Standards has struggled the past two (2) years due to budget cuts, a decrease in personnel cap and an increasing work-load. Budget reduction measures have been put into place in every division within the Department. The number of DSL lines have been reduced, the number of cell phones and Blackberries in use have been reduced and much needed replacement office equipment has been placed on hold. Travel has been reduced to the bare minimum, especially in the Division of Employment Standards, Apprenticeship and Mediation, the only division receiving General Fund dollars. The Department will be requesting additional budget dollars and additional personnel in most divisions during the 2011-2012 biennial budget. Additional personnel and funding will not be sought for the Division of Workers' Compensation Funds.

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The Office of the Commissioner instituted a Hispanic Outreach Program in 2009 as an effort to resolve wage and hour disputes between Hispanic workers and Kentucky employers. Hispanic employees are often reluctant to provide information even when they are the victims of unfair and often abusive labor practices. Information is often withheld due to cultural mores and misunderstandings and the fear of job loss. The Hispanic liaison has bridged this communication chasm and established a foundation of trust that has enabled inspectors to gather more factual information and thus protect immigrant workers from those employers who take advantage of them. The

Hispanic Liaison also serves as an interpreter and Hispanic cultural liaison for all entities and programs of the Labor Cabinet.





## THE DIVISION OF EMPLOYMENT STANDARDS, APPRENTICESHIP AND MEDIATION

**DESCRIPTION:** The Division of Employment Standards, Apprenticeship and Mediation (Employment Standards) is responsible for enforcing areas of Kentucky labor laws, including minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex, apprenticeship and training and mediation.

The Apprenticeship program encourages career employers and employees to enter into voluntary agreements of apprenticeship that will equip the apprentice with valuable skills. This program closely monitors apprenticeship programs to assure they are meeting the standards of providing quality training and instruction.

In addition to conducting investigations, the Division has the responsibility of preparing unresolved cases for litigation. Issues involving minimum wage, overtime, unpaid wages, illegal deductions, and remittance of gratuities that are not resolved are subject to administrative review. Case files are prepared for administrative hearings and the investigative staff, in concert with the Office of General Counsel, issues legal documents, such as tentative findings of fact. Investigators are required to work with attorneys, accountants, consultants and other professionals in the course of conducting investigations to ensure the workers of the Commonwealth are protected as provided by regulation.

**FUNDING SOURCE:** The Division of Employment Standards, Apprenticeship, and Mediation is funded entirely from General Fund receipts.

**APPLICABLE STATUTES:** KRS 67; 336; 337; 339; 343; 345; and Executive Order 2009-537.

**PROGRAM STATUS:** The Division of Employment Standards, Apprenticeship and Mediation receives in excess of 2,100 complaints a year. Complaints and inspections reveal approximately 1,200 violations annually, which are, in over 95 percent of the cases, corrected by investigative personnel. Violations that are not resolved in the field are processed through an administrative procedure. Civil money penalties for cited violations are assessed, collected and forwarded to the General Fund. Back wages are collected and returned to over 4,500 employees annually.

In FY 2009-2010, Employment Standards investigated and closed 2184 wage and hour, prevailing wage and child labor inspections. Back wages in the amount of \$5,763,346 were collected, which corrected 1069 violations of Kentucky labor laws. The back wages collected represented a total of 8,319 Kentucky employees. Employment Standards assessed/collected \$155,075 in civil money penalties for wage and hour, prevailing wage and child labor violations. The total case backlog as of June 30, 2010 was 548 cases.



FY	CLOSED CASES	RESTITUTION COLLECTED	PENALTIES	NUMBER OF EMPLOYEES AFFECTED	VIOLATIONS CORRECTED	CASE BACK-LOG	BUDGET
06-30-10	2184	* 5,763,346	155,075	8313	1069	** 548	1,820,300
06-30-09	2410	3,428,829	233,875	4490	1128	598	1,956,700
06-30-08	2337	1,612,458	122,880	3279	1215	758	2,410,000
06-30-07	2452	1,786,769	142,200	3321	1243	632	2,455,300
06-30-06	2811	3,301,149	111,550	4510	1341	570	2,602,200

\* Restitution collected for FY June 2008-2009 & June 2009-2010 was substantially higher as a result of a recent Supreme Court ruling in regard to the calculation of overtime on state firefighter incentive pay, resulting in large amounts of back pay for firefighters across the state.

\*\* Even though there has been a substantial decrease in staff, the Division was able to maintain the case backlog at the current levels because of restrictions on conducting routine prevailing wage and child labor inspections. The failure to conduct routine inspections results in a larger number of undetected violations statewide.

This Division has sustained heavy budget cuts that have critically inhibited the mission of the program as described in regulation. Personnel positions and program funding have been reduced to the level that the Cabinet fears the dissolution of the Division completely. The personnel assigned to this division now number 26. There are only 18 wage and hour field inspectors to cover the state-at-large. Funding reductions have decreased the travel budget for field inspectors to less than \$300 per inspector per month. The requisitions of critically needed office equipment, supplies, and expansion projects have been placed on indefinite hold.

The Division has sustained three (3) budget cuts over a two year period totaling \$184,600. These reductions have had a major impact on this small Division with an enacted budget of only \$2,121,300.

The adjusted budget for 2010 is currently \$1,956,700. The \$184,600 reduction has:

- Prevented the retention of a division director to oversee the wage and hour program;
- Prevented the hiring of desperately needed employment standards investigators, a reviewer, a prevailing wage specialist and support personnel;
- Worn out computers and other office equipment and furnishings cannot be replaced;
- **The Division's travel budget has been dramatically reduced, resulting in a decrease of workplace investigations, employer presentations and employee training events;**
- Office space has been reduced to the bare minimum to save lease costs;
- The travel budget was reduced to offset the budget reductions. Each investigator was afforded less than \$300 in monthly travel allotments;
- Training funds were eliminated;
- The budget for printed materials was either eliminated or drastically reduced;



- The Cabinet has received complaints from the Kentucky Building and Trades Union and the State AFL-CIO, charging that statutory mandates are not being met. Both entities claim that employees are not being treated fairly by industry and that the Labor Cabinet is not conducting inspections as required by regulation. Charges such as these could result in future litigation;
- The number of wage and hour investigations has dropped from 3,080 annually in FY 2006 to only 2,184 in FY 2010;

The Division averages 650 routine annual wage and hour inspections. However, budget cuts **forced the Division to curtail all "routine" inspections for FY 2010.**

The 2011-2012 biennial budget is requesting ten (10) positions be restored to the Division to replace those positions lost due to budget reductions and to afford an adequate number of staff to handle the case backlog. The restoration of these positions will further enable the Division to meet regulatory mandates.

During FY2010, the Division received a one-time federal grant for the Registered Apprenticeship program. These funds were restricted to the implementation of the revisions in Title 29 CFR part 29.

Past budget cuts have decimated the Apprenticeship Program in Kentucky. In 2004, the Division had 2,278 apprentices registered in 308 active apprenticeship programs and a staff of five (5) people assigned to administer the program. In 2009, there are 2,939 apprentices registered in 293 active programs and a staff of only one (1) full-time Apprenticeship Coordinator to cover the entire state of Kentucky. This one staff person is responsible for monitoring all 293 programs, plus advising and assisting new employers who are interested in registering new programs. Current staffing levels make it impossible to properly meet the statutory requirement of KRS 343. As the federal stimulus money is distributed to states for worker retraining and adult education, the Cabinet anticipates an increased interest in registered apprenticeship to meet federal mandates. Without staffing increases, the Cabinet cannot meet the demands. The 2011-2012 budget requests a cap increase and funding to employ three (3) additional personnel to meet apprenticeship program demands.

FY	APPRENTICES REGISTERED	ACTIVE PROGRAMS	APPRENTICE COMPLETIONS	ACTIVE APPRENTICES	PROGRAMS REVISED	PROGRAMS REVIEWED
06-30-10	390	145	221	2612	31	29
06-30-09	722	293	330	2939	49	56
06-30-08	1234	304	292	3120	29	39
06-30-07	940	305	330	2617	38	78
06-30-06	784	307	377	2397	12	47



The Division of Employment Standards, Apprenticeship and Mediation is responsible for promoting and improving relationships between labor and management throughout the Commonwealth. Mediation services to be offered include, but are not limited to, bargaining table mediation, grievance mediation, arbitration work and official card checks in union elections. Additionally, mediation staff members provide administrative assistance to the Labor Management Conference Committee in planning and conducting the Annual Labor Management Conference. The mediation program is nearly non-existent at this time, due to the lack of personnel to respond to requests for mediation services.

In FY 2009-2010, Mediation conducted 8 dispute mediations, 12 grievance mediations, and 4 arbitrations and assisted with 4 elections. Mediation also assisted with the planning and facilitating of the annual Kentucky Labor Management Conference (KLMC). The 2009 KLMC was attended by 631 participants. The participants attended seminars on Medicare, Labor Management Relations in Troubled Economic Times and Interim Joint Committee on Labor and Industry. The KLMC has been **very successful in bringing Kentucky's Labor and Management representatives together in a relaxed atmosphere to assist them in developing resolutions to every day problems.**

FY	*DISPUTE MEDIATION	** GRIEVANCE MEDIATION	LABOR/MGT COMMITTEES	ARBITRATION	ELECTIONS	SEMINARS
2010	8	12	12	4	4	1
2009	20	14	17	3	1	0
2008	36	16	8	5	1	1
2007	52	25	34	1	4	22
2006	25	18	28	0	5	18
TOTAL	141	85	111	13	15	42







PROGRAM AREA: THE DIVISION OF OCCUPATIONAL SAFETY AND HEALTH, EDUCATION AND TRAINING (OSH E&T)

DESCRIPTION: The Division of Occupational Safety and Health, Education and Training promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, distribution of technical and informational materials, gathering and monitoring statistical data concerning job injuries and illnesses, and providing technical assistance.

The Division of Occupational Safety and Health, Education and Training, since 1973, has offered a full range of voluntary compliance services, including cost-free on-site consultation, technical assistance, training programs and publications. The partnership and recognition programs include: the Kentucky Voluntary Protection Partnership (VPP), which is similar to the Federal Voluntary Protection Program; the Safety Partnership Program (SPP), that offers long term assistance to **smaller employers who have a history of high injury/illness rates and high workers' compensation costs**; and the Construction Partnership Program (CPP), which focuses specifically on partnering with contractors and builders to address the unique issues of the construction industry and to recognize employers with Voluntary Protection Partnership for Construction (VPPC). The Division of Education and Training also offers OSH Strategic Partnerships (OSP). This program is designed to broaden the impact of cooperative programs on worker safety and health by reaching out to groups of employers, employees, and labor organizations.

FUNDING SOURCE: The funding for the Division of Occupational Safety and Health, Education and Training comes from restricted agency dollars (53 percent) collected through assessments from the **Kentucky Workers' Compensation Funding Commission as described in KRS 342.122** and federal funding (47 percent) derived from a grant from the U.S. Department of Labor, Occupational Safety and Health Administration.

APPLICABLE STATUTES: The Division of Occupational Safety and Health, Education, and Training operates under the authority of KRS 388, 342, and Executive Order 2009-537. KRS 388 (passed by the 1972 General Assembly) created the statutory authority for the Kentucky Occupational Safety and Health Plan submission under CFR 29, Section 18 C of the *Occupational Safety and Health Act of 1970*. On July 31, 1973 the state plan was approved for the development stage by the U.S. Department of Labor and a determination of final program approval was made under section 18(e) of the Act on July 22, 1985.

PROGRAM STATUS: The Kentucky occupational safety and health consultation industrial hygiene training and safety training program is delivered by using highly qualified occupational safety and health professionals to help employers detect potential hazards at their worksite and to establish and maintain safe and healthful workplaces. The consultation program is completely voluntary. The program does not issue citations with penalties, but employers are required to correct all identified hazards as a condition of receiving program services.

**The Division of Occupational Safety and Health Education and Training's function is to assist private and public sector employers in the Commonwealth.** This is primarily accomplished by providing cost-free consultative services and training programs to its clients. These activities should be understood to serve both moral and economic functions, as their goal is to prevent and minimize



injuries and illnesses suffered by employees. Left alone, workplace injuries and illnesses, aside from their resulting human tragedies, could amount to a significant economic hardship for employers. According to the most recent data provided by the National Safety Council, the average cost to employers (i.e., wage and productivity losses, medical expenses, and administrative expenses) is \$48,000 for each disabling injury, and \$1,290,000 for each fatal injury suffered by employees'

**Over the 2009 fiscal year, the Division of Occupational Safety and Health Education and Training's** consultants conducted over 270 consultative visits at worksites throughout the state, at the request of employers. As result, over 2000 serious hazards were identified and corrected. Assuming each hazard carried the potential to result in a disabling injury, and ignoring the potential for greater costs should the result be a fatal injury (consider to be in excess of \$1.2 million per incident on average), this equates to a savings of \$96,000,000 overall for employers in the state, or over \$350,000 for each employer served by the Division. These on-site surveys covered approximately 18,260 individual employees across all industrial sectors except for Agriculture and Mining. Obviously, not all hazards will result in injury or illness but even a 10% reduction would amount to a huge savings for employers.

The Division of Education and Training continues to support and encourage our highly trained and technical consultation staff to continue their education and obtain board recognized certifications. The Division current has on staff three (3) CIH/CSP (Certified Industrial Hygienist/Certified Safety Professional) employees, eight (8) CSP certified employees, and four (4) CIH certified employees and two (4) OHST (Occupational Health and Safety Technicians) certified employees and one ( 1) CHST (Certified Safety and Health Technician.) Table 1 will show the growth in certifications, a mark of distinction in the field.

TABLE 1 PROFESSIONAL DEVELOPMENT

	CI H	CSP	CSHT	OHST	CPM
2010	4	8	1	4	3
2009	3	7	0	3	2
2008	3	5	0	3	2

Even under challenging operational conditions, such as a cap on personnel positions and flat funding, the Division of Occupational Safety and Health Education and Training has maximized its limited resources by targeting employers most in need of its services. As part of its Targeted Outreach and Safety Tops Our Priority programs, employers with the very highest rates of injuries and illnesses were contacted and encouraged to utilize its services. As a result, approximately sixty (60) employers elected to receive help with preventing injuries and illnesses at their worksites.

1. *National Safety Council. Estimating the Costs of Unintentional Injuries.* [http://www.nsc.org/news\\_resources/injury\\_and\\_death\\_statistics/Pages/EstimatingtheCostsofUnintentionalInjuries.aspx](http://www.nsc.org/news_resources/injury_and_death_statistics/Pages/EstimatingtheCostsofUnintentionalInjuries.aspx)

In keeping with the understanding that education is the key to preventing workplace injuries and



illness, the Division of Occupational Safety and Health Education and Training put significant effort into providing safety and health training for employers. Training seminars were conducted both onsite upon employer request, and in population centers (e.g., Louisville, Lexington, Bowling Green, Owensboro, Ashland, etc.) throughout the calendar year, providing employers as much flexibility as possible to enroll their employees. For the 2009 fiscal year, the Division conducted over 230 training seminars, during which about 7,100 business owners, managers, and employees received cost-free training concerning a wide variety of topics, such as accident investigation, recordkeeping, hazardous chemicals, and electrical safety. The agency began work toward adding internet-based training to its educational services as well, to be offered in 2011.

### KYOSH IMPACT

In January 2010, the OSH Program took delivery of a new incident response-outreach vehicle. The Incident Mobile Post and Consultation Training vehicle, dubbed KYOSH IMPACT, is a Class A state of the art multi-purpose motor coach specifically constructed to support the Division of Compliance and the Division of Education and Training. KYOSH IMPACT is equipped with satellite service, surveillance equipment, internal and external monitors, workstations, and a host of other devices that will serve the Kentucky OSH Program, employers, and employees throughout the Commonwealth. An incident response-outreach vehicle was a long range goal of the Cabinet and was made possible by a one-time federal grant.







As the name indicates, the vehicle will be deployed in response to occupational safety and health incidents and to support specialized strategic enforcement efforts. KYOSH IMPACT will also be utilized by the Division of OSH Education and Training for outreach to traditional and non-traditional Labor Cabinet partners. IMPACT provides a means to contact populations the Cabinet might not otherwise reach.

To date the KYOSH IMPACT has been deployed to eighteen (18) events from one end of the state to the other participating in outreach efforts affecting over 12,500 people.



The Kentucky OSH Voluntary Partnership Branch is designed to recognize and promote effective, systematic safety and health management. The guiding principle of the Voluntary Partnerships Program is that management, labor and KY OSH work together in a spirit of cooperation and trust in pursuit of a safe and healthful workplace. The partnership helps to provide early detection of workplace safety issues and provides guidance in the resolution of same, while simultaneously forging lasting relationships between the partners.

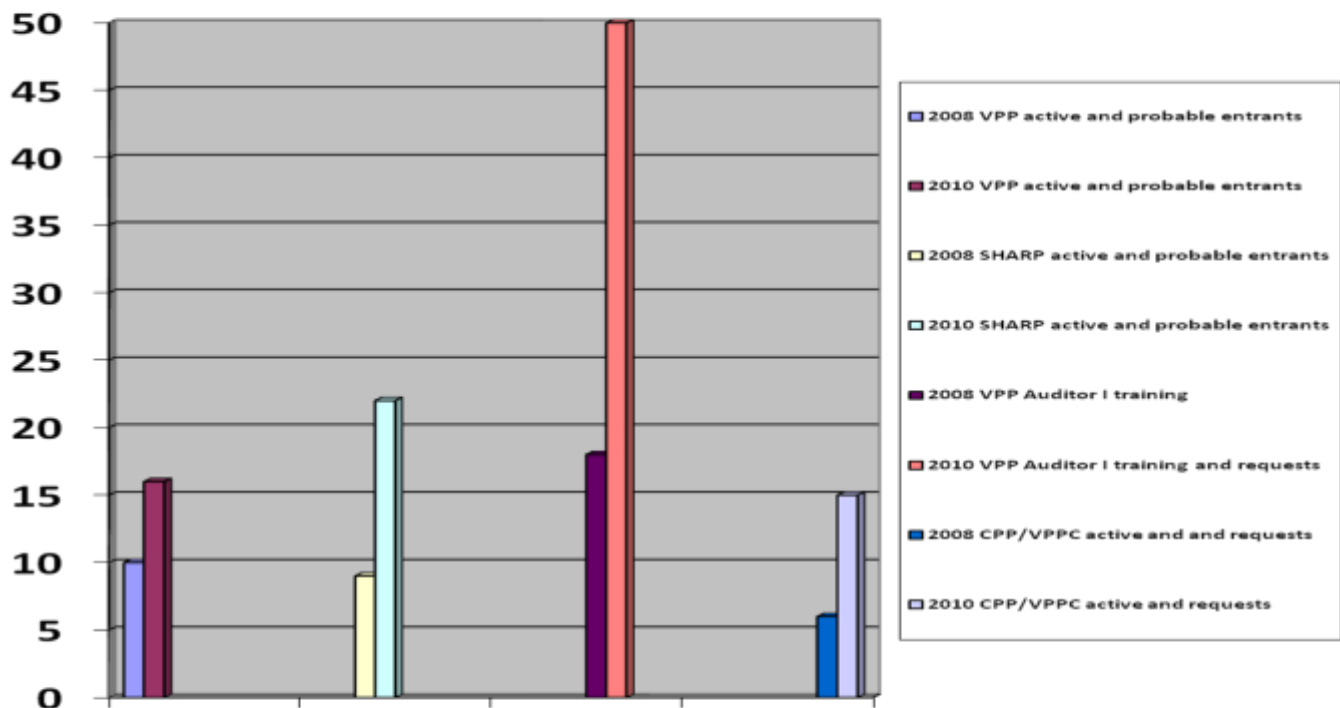
The Kentucky Safety and Health Achievement Recognition Program (SHARP), recognizes and exempts from general schedule inspections those small, high hazard employers who successfully operate exemplary and safer health management systems. Kentucky also offers, through the Safety Partnership Program (SPP), long term assistance to smaller employers who **have a history of high injury/illness rates and high workers' compensation costs.** In addition, the Construction Partnership Program (CPP) has been created to develop, formalize, and monitor partnerships in the construction industry. The Voluntary Protection Program (VPP) for Construction is designed for construction companies that provide exemplary worker protection by establishing effective safety and health management systems.



The Partnership Branch has added three (3) new SHARP (Safety and Health Achievement Recognition Program) participants, one (1) new VPP participant and is in the process of certifying another VPP; one new VPPC (construction); and several new CPP (Construction Partnership Program) participants, which includes a unique tri-partnership between the Kentucky occupational safety and health program, Denark Construction, and Eastern Kentucky University. College students enrolled in the construction management curriculum are very involved and are learning jobsite safety from a practical application.



The Kentucky Partnership Branch is also expanding the internal VPP and SHARP mentoring program. The project will identify companies that will be successful partners in one of the two programs, but who may not meet all the requirements at that particular time. The Partnership Branch will mentor and work with these companies to prepare them for successful application and qualification for the program of interest. For example, one of the companies with whom the Branch has successfully worked over the past two years is nearing the application process for VPP.



The Kentucky Labor Cabinet's Statistical Services Branch works to provide quality data to the private and public sectors. The data is provided on a yearly basis and covers Occupational injuries and illnesses. This branch has been very successful in 2010 on collecting data for The 2009 Occupational Injuries and Illnesses survey (SOII), the Census of Fatal Occupational Injuries (CFOI) and the OSHA Data initiative (ODI).

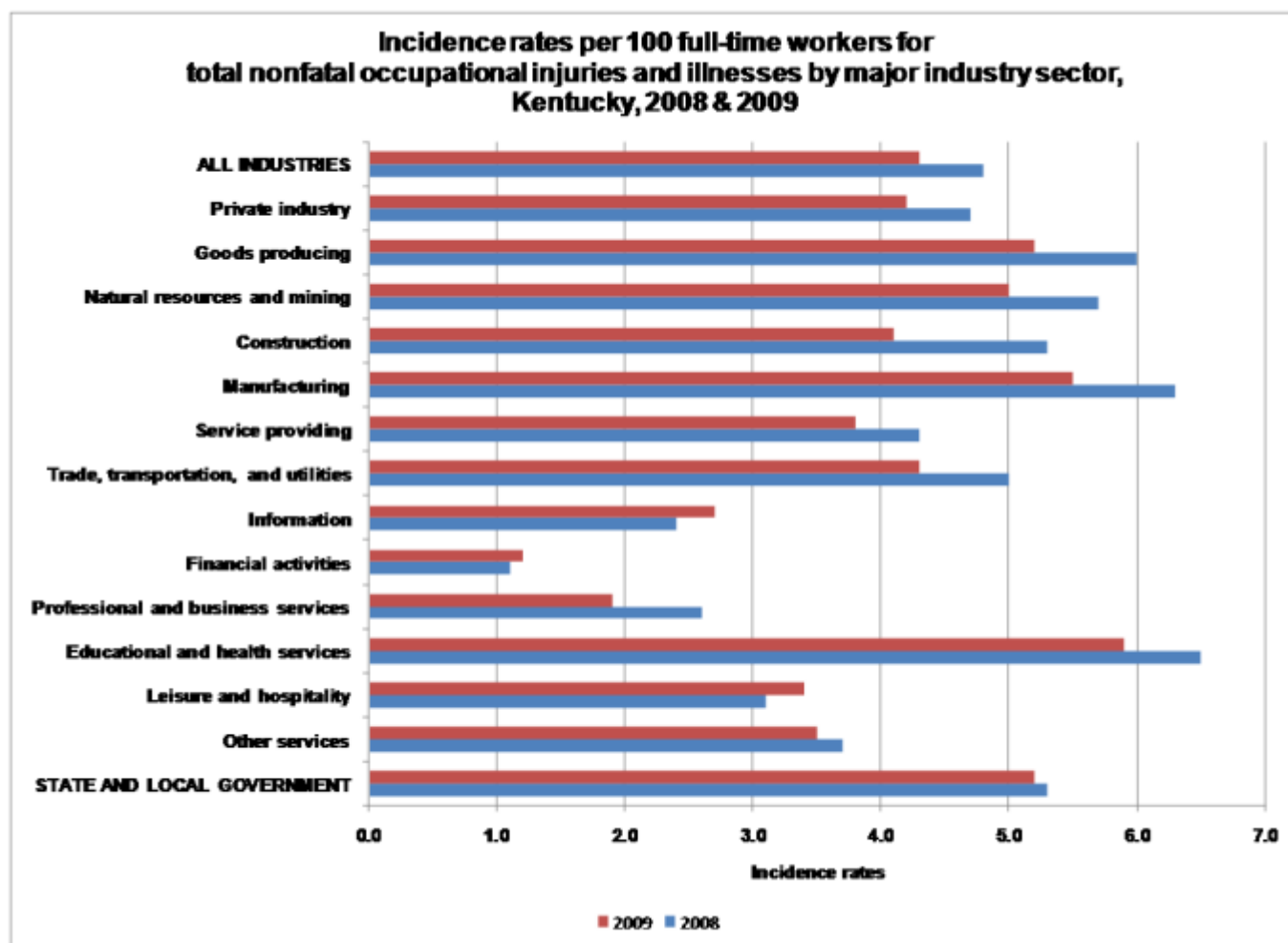
The US Bureau of Labor Statistic (BLS) provided a random sample of Kentucky companies, totaling 4,100. The sample was split between five team members. Each team member made calls to the respondent if the data submitted by the company was incorrect for corrected data. If the data was correct the summary data was entered into the system and the injury was coded by nature, part, source, secondary source, event and occupation. The collection process started January 2010 and ended midnight September 10, 2010. BLS requires a response rate of 85%. After the survey rates were tabulated, Kentucky still had the highest response rate in our region with 97%, a clean rate of 99% and a clean cases Characteristics rate of 100% ( 5,436 cases had been coded). After the research was over, our findings show 2009 had a decrease in work place injuries from the year 2008. Specific rates, charts and graphs can be found in the Survey of Occupational Injury, Illness and Fatality publication produced by the staff.

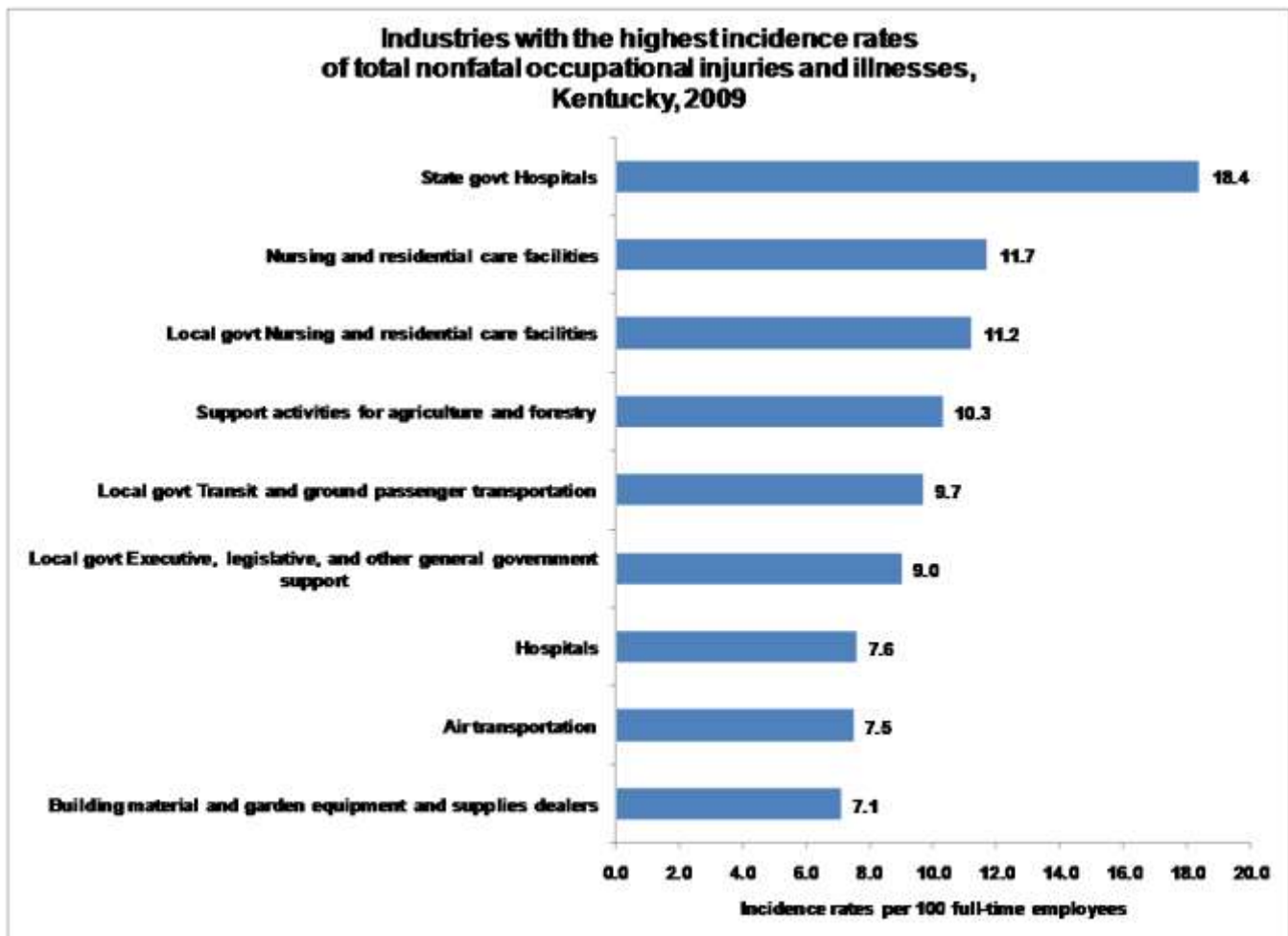
The 2009 CFOI program was much like the SOII program, all the data was entered and coded into the CFOI system every time we learned of a work place fatality. BLS audits the CFOI file for efficiency and accuracy, which were the findings of the Federal auditor's review upon leaving.



The findings for the year's fatalities had decreased from 2008, from 105 to 97 for 2009. Specific rates, charts and graph may be found in that part of the publication, produced by the CFOI Coordinator.

The 2009 ODI program is a little different than the other programs in that there is no coding of cases, only entering of summary data such as recording of days away from work, job transfer, or restriction (also called DART) and other recordable injury. OSHA provided a sample of 1200 to be mailed to the respondent. The respondent could mail it in, respond electronically or call it in. The mail out is done by all team members. OSHA requires an 85% response rate, after the rates were tabulated; Kentucky had a response rate of 94% and a clean rate of 93%. The findings for the ODI 2009 Kentucky company rates will be embargoed until April 2011.





The Division of Occupational Safety and Health Training has experienced problems in case backlogs in both the safety and health consultation and training programs. The filling of vacant positions has been a problem due to the length of time it takes to fill a personnel register and the personnel cap placed on the Agency. The delays and the personnel cap have hampered the Division's ability to provide employees and employers with requested services. The federally mandated outreach programs were limited in 2010 because of the lack of safety and health consultants. Consultants are currently working on a four (4) month backlog.

As the result of the economic downturn, annual cost of living raises have been substantially reduced and with statewide furloughs the reductions have negatively affected morale throughout the Cabinet. Improving morale with limited resources continues to be a challenge.

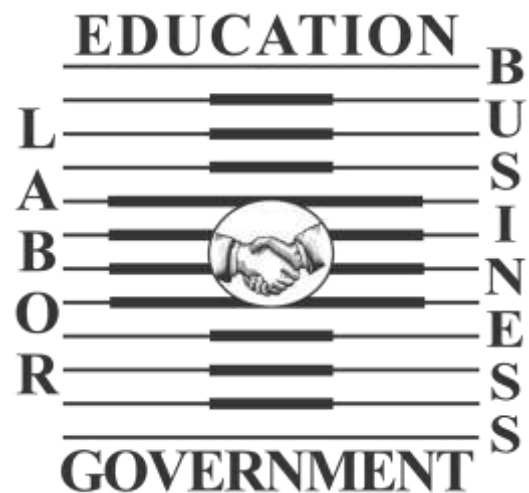




The Kentucky VPP remains understaffed. Based upon recent annual production averages, additional senior consultants would generate an additional 15 on-site consultative assistance visits each, impacting over 1,500 employees and correcting over 150 serious workplace hazards. Additional consultants would permit an increase of approximately 30 training courses impacting 600 course attendees. The Division of Education and Training Partnership Branch currently has 12 recognized VPP sites and five (5) large companies ready to submit their applications. Due to limited resources, the Branch will not be able to accommodate all five (5) immediately. The Kentucky VPP is working at maximum capacity. The failure to provide requested services to those companies wishing to **participate in the Division's programs will ultimately have a major negative impact on the health and safety of Kentucky's working population. For the reasons cited, the Division is requesting five (5) additional personnel in the 2011-2012 biennial budget.** Hopefully, these positions will be approved and the Agency will then be able to meet requested demands and comply with the directives cited in regulations.

### Annual Governor's Safety and Health Expo

The Kentucky Labor and the Kentucky Safety and Health Network (KSHN) host an annual Safety and Health Expo. This event is held the second week of May in Louisville. Last May we had over 500 participants with 48 workshops focusing on state of the art techniques, current issues and **trends in workplace safety and the state's largest health and safety product expo** with over 90 vendors. The mission is to increase the awareness of safety and health in the workplace. The KSHN organization draws on the experience and knowledge of its members who represent business, education, government and labor.



The Foundation is a sister organization of the KSHN, It is a private, non-profit corporation, established to award scholarships and educational research grants to increase the level of occupational safety and health knowledge in the Commonwealth of Kentucky. Since the year 2000 the Foundation has awarded over \$160,000 worth of scholarships to a multitude of deserving students.





PROGRAM AREA: THE DIVISION OF OCCUPATIONAL SAFETY AND HEALTH (OSH) COMPLIANCE

DESCRIPTION: The Kentucky OSH Program was initially approved in 1973 and received final state plan approval on June 13, 1985. The primary purpose of the Program is to promote the safety, health, and general welfare of workers by ensuring that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. The Program was further expanded on July 1, 1994 to improve safety and health practices in the workplace; to assure compliance with industrial health and safety regulations; and to expedite the processing of contested citations and appeals.

The General Assembly of Kentucky affirms that occupational accidents and diseases produce personal injuries and illness, including loss of life, as well as economic loss. Therefore, the enactment of legislation relative to the OSH Program declares that it is the purpose and policy of the Commonwealth to promote the safety, health and general welfare of its people covered by regulation by preventing any detriment to the safety and health of all employees, both public and private, arising out of exposure to harmful conditions and practices at places of work. In addition, the statutes declare that it is the intent of the OSH Program to preserve human resources by providing for education and training, inspection of workplaces, consultation services, research, reports and statistics and other means of furthering progress in the field of occupational safety and health. **The key word in OSH regulation is "prevention". Concentrated efforts continue daily to prevent workplace injuries, while inspections after an injury, illness, or fatality occurs serve to correct safety or health hazard violations.**

FUNDING SOURCE: The funding for the Division of Occupational Safety and Health Compliance is **derived from 34 percent federal funds and 66 percent Workers' Compensation Special Fund assessments.** The Occupational Safety and Health Compliance program is supported by federal **grants from the U. S. Department of Labor and restricted funds from the Workers' Compensation Funding Commission pursuant to KRS 342.122.**

APPLICABLE STATUTES: The Department of Workplace Standards, Division of Occupational Safety and Health Compliance operates under the authority of KRS 336, 338, 342, and Executive Order 2010-537.

PROGRAM INFORMATION: Through a Safety Inspection Branch and a Health Inspection Branch, the Division maintains a field staff of safety compliance officers and industrial hygienists who conduct inspections of workplaces in which hazardous conditions are identified, violations of safety and health standards are cited and abatement dates are assigned. In some cases, penalties and fines are assessed for violations. Penalties collected by the Division of OSH are returned to the General Fund. However, no General Fund dollars are allocated to the Division. In SFY 2010, OSH inspectors issued citations carrying \$2,479,056 in penalties and collected \$1,109,637 in penalties that were deposited into the General Fund.

Many daily activities of the OSH program offer accomplishments, which are not easily measured. The impact of the on-site presence of OSH personnel, the hazards identified and corrected through inspection or consultation, the injuries, illnesses and fatalities prevented, while critically important,



do not easily lend themselves singular classification as outstanding accomplishments. The day-to-day efforts of Kentucky OSH Compliance field personnel and office personnel, nevertheless, should not go unrecognized. During FY 2010, there were events, activities and results, which also warrant special attention as outstanding accomplishments.

In January 2010, the Division of OSH Compliance entered into a settlement agreement with **AK Steel and the United Steel Workers' International Union AFL-CIO/CLC** and its Local Union 1865 after a series of steam explosions occurred at the Ashland facility. In addition to instituting various engineering and administrative controls, AK Steel agreed to include the union in any investigations and to provide it with a copy of its written report of the investigation. This is also the first case in which the cabinet invoked KRS 338.131 in which the Cabinet issued an Order of Abatement prior to issuance of the citation.

In April 2010, the Division of OSH Compliance sent two representatives to the National Action Summit for Latino Worker Health and Safety in Houston, Texas. This conference was sponsored the U.S. Department of Labor's Occupational Safety and Health Administration and the National Institute for Occupational Safety and Health, in partnership with the National Institute of Environmental Health Sciences. It brings together workers and representatives from employer associations, labor unions, the faith community, community organizations, the medical community, safety and health professionals, educators, government officials, consulates, the entertainment community and other, non-traditional partners. OSH Compliance also participated in various Latino -sponsored fairs around the state.

The following photographs illustrate some of the typical day-to-day safety hazards to which inspectors find employees exposed. The majority of violations are resolved before serious injury or death occurs. However, in some cases, the employee is not so lucky.













In FY 2010, the Division of Compliance conducted 128 total reported imminent danger inspections. These inspections usually involve fall, excavation, electrocution, asbestos, carbon monoxide, and confined space hazards. The Division must respond to such imminent danger reports within 1 working day of receipt.

The Division of OSH Compliance received 50 fatality reports in FY 2010. Of those reports, 19 fatality investigations were conducted while the remaining 31 were due to natural causes or criminal acts. The Division must respond to fatality reports within 1 working day of receipt.

During FY 2010, Kentucky conducted 546 construction inspections, as identified by SIC codes from OSH-1 forms. Compliance remains focused on fall protection as the top construction standard cited in Kentucky during FY 2010. In FY 2010, Kentucky cited 29 CFR 1926.501 (duty to have fall protection) a total of 610 times with a total proposed penalty of \$356,555.

**In conjunction with a compliance emphasis program, Kentucky's fall protection regulation, 803 KAR 2:412, was amended in 2006 to specifically address residential construction.** The regulation, which became effective on January 6, 2006, defines residential construction in Kentucky as construction work on a stand-alone single family dwelling, duplex, three (3) plex, or four (4) plex structure. Employees engaged in residential construction activities working ten (10) feet or more above a lower level who are exposed to unprotected sides and edges, leading edges, hoist areas, form work and reinforcing steel, or roofing work on roof slopes three (3) in twelve (12) or less, must be protected by guardrail systems, safety net systems, personal fall arrest systems, or a specific alternative measure established in the regulation.



The Division of Compliance continues to focus on the hazards of combustible dust in the workplace and many of these inspections have resulted in the issuance of violations. The Division of Compliance performed seven (7) inspections related to combustible dust in FY 2010. Kentucky Labor Cabinet entered into an Interagency Agreement in 2005 with the Office of Housing, Building and Construction, Division of Fire Prevention (State Fire Marshal). During the inspection of industrial facilities in which the potential for combustible dust hazards may exist, the State Fire Marshal will inform management of education and technical assistance services which are available **from the Kentucky OSH's Division of Education and Training. If there are safety and health issues,** the State Fire Marshal will make a referral to the Division of Compliance. If the Kentucky OSH program becomes aware of the existence of fire and safety issue, it will notify the State Fire Marshal. Both the State Fire Marshal and the Division of Compliance will cooperate in the investigation of all fires and explosions involving combustible dust. The Kentucky Labor Cabinet and State Fire Marshal are in cooperation in investigating jointly, when possible, and identifying facilities where there are combustible dust hazards. The following photographs illustrate some of the typical hazards.











The Kentucky Division of Compliance has entered into an arrangement with the Division of Air Quality in the Department for Environmental Protection in the Energy and Environment Cabinet to alert OSH to asbestos removal conducted in the Commonwealth. Employers are required to notify the Division of Air Quality 10 days in advance of any job involving asbestos removal.

The Division of Compliance also receives notices of injuries involving occupational-related toxins **and poisons from The Kentucky Regional Poison Center of Kosair Children's Hospital. These notices** have alerted the Division of Compliance to events it might not otherwise have learned. These notices resulted in citations and penalties. This informal arrangement and notices provide a mechanism to protect employees from future exposures.

Kentucky extended the National Emphasis Program (NEP) for the petrochemical industry and adopted the Chemical safety NEP also.

During 2010, OSH maintained three (3) occupational health and safety technicians (OHST), nine (9) construction safety and health technicians (CHST), and one (1) certified safety professional (CSP). At least three (3) other compliance officers are studying for their CSP exam and ASP exam.

The Division of OSH continues to encourage and promote personnel who may achieve certification in the safety and health field. The Division of OSH has one safety supervisor who is a Certified Public Manager and the health program manager has his Certified Fundamentals Manager designation. The Division of OSH paid for three safety inspectors to attend Eastern Kentucky University graduate program seeking Master of Science degrees in Safety, Security, and Emergency Management during 2010. Two will graduate in December 2010 and one in May 2011. Compliance currently has the following number of graduate degrees on its staff.

Degree	Number Held
JD	1
MS – Loss Prevention Administration	1
MS – Occupational Safety and Health	1
MS – Environmental Safety	1
MSLS – Library Science	1
MS – Industrial Technology	1
MS – Management	1
MS – Industrial Hygiene	1
MS – Safety Security and Emergency Management	2
MS – Safety Security and Emergency Management (enrolled)	3

One new industrial hygienist will complete her MS in Safety, Security, and Emergency Management when she is off initial probation and two more safety inspectors are preparing to enter the program.



## Kentucky Salaries

The following tables indicate Kentucky safety inspectors and Industrial Hygienists may receive the **lowest starting salaries in the country. Kentucky's starting salaries are the same for both the Consultation and Compliance branches.** Even though some of the following statistics do not take into account regional living rates, Kentucky ranks lowest in starting salaries. As starting salaries in federal states are usually higher than in Kentucky, Kentucky safety compliance officers and IHs may well be the lowest paid in the country.

### Inspector Safety Salary Comparison to State Plan States – Highest to Lowest\*

	State	Lowest Starting Salary
1	Connecticut	\$56,028.00
2	California	\$55,464.00
3	Alaska	\$52, 012.00
4	Arizona	\$46,963.00
5	Illinois	\$42,576.00
6	Michigan	\$41,204.00
7	North Carolina	\$41,173.00
8	Washington	\$39,516.00
9	Iowa	\$38,937.00
10	Minnesota	\$37,648.00
11	Vermont	\$37,585.00
12	Nevada	\$36,416.00
13	Indiana	\$35,828.00
14	Oregon	\$35,340.00
15	Utah	\$34,348.00
16	Tennessee	\$34,344.00
17	Hawaii	\$33,756.00
18	South Carolina	\$33,300.00
19	Wyoming	\$32,988.00
20	Maryland	\$31,610.00
21	Virginia	\$29,788.00/South \$30,356.00/North
22	New Mexico	\$27,664.00
23	Kentucky	\$26,484.00
24	New York	No Data
Average		\$38,303



\*Specific salaries for the industrial hygienists are not included in this table.

Kentucky is last out of 23 state plan states in starting salaries. There is no way to compare the intermediate salaries due to experience, education, length on job, certifications, etc. The starting salary for OSH safety inspectors and IHs in Kentucky is \$26,484. This starting salary falls below **other state plan states' starting salaries. When a Kentucky safety inspector goes from a I to a II, a grade change from 11 to 12 occurs; when a Kentucky IH goes from a I to a II, a grade change from 11 to 13 is occurs. Virginia is the border state closest to Kentucky's starting salary and it is \$3304.00 higher than Kentucky's. We realize that living costs are different throughout the country but this table illustrates the disparity. Some of this information was gathered from websites and others from the states themselves.**

Below are tables illustrating border states, both state and federal, and their starting salaries for IHs and safety CSHOs. This also includes other state plan states in Kentucky's Region IV. Region IV is a federal designation that includes federal jurisdictions of Alabama, Florida, Georgia and Mississippi and state plan jurisdictions of Kentucky, North Carolina, South Carolina and Tennessee.

SAFETY			
BORDER STATE PLAN STATES			
	STARTING	MAXIMUM	
IL	\$42,576	\$60,996	Public Sector Only
IN	\$31,857	\$57,096	
VA	\$29,788 *		*\$30,481 in northern VA
TN	\$34,344		Increase to \$37,356 after 1 year
OTHER STATE PLANS IN REGION IV			
NC	\$41,173 *	\$67,369	Minimum requirement/No experience
SC	\$30,000		No salary improvements the past few years due to budget constraints



IH			
BORDER PLAN STATES			
	STARTING	MAXIMUM	
IL	\$49,284	\$72,120	Public Sector Only
IN	\$31, 857	\$57,096	
VA	\$32,085		\$32,975 northern VA
TN	\$34,344		Increase to \$37,356 after 1 year
OTHER STATE PLANS IN REGION IV			
NC	\$46,635*	\$77,277	Minimum requirement/No experience
SC	\$33, 300		No salary improvements the past few years due to budget constraints

The following table includes starting safety compliance officer salaries as of 11/2009 for border states, starting with the highest and moving to the lowest:

FEDERAL JURISDICTION BORDER STATES			
SAFETY			
	STARTING		
MO	\$46,625		Federal rate for 2009
OH	\$48, 434		Federal rate specific to OH for 2009
WV	\$50,408		Federal rate specific to WV for 2009
IH			
MO	\$38,119		Federal rate for 2009
OH	\$39,597		Federal rate specific to OH for 2009
WV	\$41,210		Federal rate specific to WV for 2009





State	Minimum Salary
West Virginia (F)	\$50,408
Ohio (F)	\$48,434
Missouri (F)	\$46,625
Illinois (S)	\$42,576
Indiana (S)	\$35,828
Tennessee (S)	\$34,344
Virginia (S)	\$29,788 South
Kentucky (S)	\$26,484

According to the statistics in this table, no OSH Compliance safety inspectors earn above the starting salary for the state of West Virginia (1 program manager and 2 supervisors earn over this amount). The OSH Compliance safety inspector that has been with the cabinet the longest, 23 years, earns \$4440 less annually than a West Virginia safety inspector just beginning employment. **West Virginia safety inspectors' starting annual salary is \$23,924 higher than a Kentucky safety inspector's starting annual salary.** West Virginia is a federal state jurisdiction but the comparison to the highest paid state plan border state to Kentucky does not fare much better. Three OSH Compliance safety inspectors earn above the starting salary for the state of Illinois. One inspector has been with the cabinet for 23 years and two have been with the state for 16 years each. One inspector with 19 years experience makes \$2964 more and the other makes \$2484 more a year **than an Illinois safety inspector just starting out.** Kentucky's inspector with 23 years experience makes \$3396 more annually than an Illinois safety inspector just starting out. Illinois safety inspectors' starting annual salary is \$16,092 higher than a Kentucky safety inspector's starting annual salary.

The following table includes starting IH salaries as of November 2009 for border states, starting with the highest and moving to the lowest:

State	Minimum Salary
Illinois (S)	\$49,284
Ohio (F)	\$48,434
West Virginia (F)	\$41,210
Missouri (F)	\$38,119
Indiana (S)	\$35, 828
Tennessee (S)	\$34,344
Virginia (S)	\$32,085 South
Kentucky (S)	\$26,484



According to the statistics in this table, one IH earns above the starting salary for the state of Illinois (1 program manager and 2 supervisors earn over this amount). The IH that has been with the cabinet the longest, 21 years, earns \$1008 more annually than an Illinois IH just beginning employment. The starting salary for an Illinois IH is \$22,800 higher than Kentucky's IH starting salary.

The following table includes starting safety compliance officer salaries as of 11/2009 for other Region IV state plan states starting with the highest and moving to the lowest:

State	Minimum Salary
North Carolina	\$41,173
Tennessee (S)	\$34,344
South Carolina	\$30,000
Virginia(S)	\$29,788 South
Kentucky (S)	\$26,484

The following table includes starting IH salaries as of 11/2009 for other Region IV state plan states starting with the highest and moving to the lowest:

State	Minimum Salary
North Carolina	\$46,635
Tennessee (S)	\$34,344
South Carolina	\$33,300
Virginia (S)	\$32,085 South
Kentucky (S)	\$32,042

As illustrated, Kentucky starts its safety inspectors and IHs at the lowest salaries regardless of the comparisons. This atrocity is further carried out to the safety inspectors and IHs who have been here the longest. Any raise in beginning salaries should also result in annual salary raises for established employees.

As a result of a new reporting regulation which requires employers to report hospitalizations and all amputations within 72 hours, the Division of OSH received 102 reports of hospitalizations or amputations during FY 2010. Of the 102 reports of hospitalizations/amputations during FY 2010, 42 were amputations and 60 were hospitalizations. Of the 61 investigations conducted, the Division of OSH cited 54 companies for a total of 127 violations. Twenty-seven (27) of the



companies cited involved amputations and twenty-nine (29) involved hospitalizations. Of the 127 violations issued, three (3) were willful, two (2) were repeat serious, 88 were serious, and 24 were non-serious, for a total penalty of \$86,775.00. The Division has been working with the Cabinet's Technical Support Branch for approximately 4 years to develop a web-based database. It is currently in the testing phase and, when implemented, will facilitate data entry and retrieval.

The Division of OSH is not without problems. The Kentucky OSH Program was initially approved in 1973 and received final state plan approval June 13, 1985. Kentucky was the first state plan approved under the revised federal benchmarks. Those federal benchmarks were 23 safety compliance officers and 15 industrial hygienists for a total of 38 inspectors. In 1994, the Kentucky General Assembly expanded the Kentucky OSH staff by 16 employees, with seven (7) of that number assigned to the Division of OSH, bringing the total number of inspectors to 45. Today, the Division has only 41 inspectors. In 1994, the Division of OSH had 39 inspector positions. Kentucky OSH is in relatively the same staffing position in 2010 as it was 23 years ago in 1986.

The key word in KRS 338.011 is "preventing." Inspecting a facility after an injury, illness, or fatality has occurred operates to correct safety or health hazards, but does nothing to prevent the injury, illness, or death of the employee(s) who were exposed to the hazardous condition before the inspection. The Division has suffered substantial employee turnover in the past seven years in addition to positions lost under a previous administration. OSH lost two (2) employees in 2010 with a total of 25 years experience. Because of the reduced and inexperienced staff and the number of unprogrammed inspections, OSH Compliance has been unable to conduct many follow-up inspections to ensure that employers have adequately abated hazards discovered during inspections. In 1986, OSH Compliance conducted 255 follow-up inspections as compared to 40 in 2010. This represents a 85 percent reduction in the number of inspections whose purpose is to determine abatement of hazardous conditions.

In addition to staffing shortages, the average number of hours required for a safety inspection has been increasing over the past 22 years. Compared to twenty-two years ago, the actual time required for each inspection has more than doubled. One of the factors influencing this trend is the increase in the percentage of contested cases and the amount of documentation required to substantiate violations. Since the Office of the Attorney General's Division of Administrative Hearings started hearing OSH cases in the mid-90s, evidentiary requirements were more strictly followed so that the method used to gather evidence can determine its admissibility in the administrative hearing. The process has necessitated a change in evidence-gathering, resulting in an increase in the time it takes the inspector to complete an inspection. Employers are also becoming more savvy in non-disclosure techniques for fact finding during the initial investigation. Information needed for an administrative hearing is not often available during the first visit to the job site. Employers also are discovering new ways to increase inspection time by claiming they have no employees, or by claiming that employees are independent contractors. The legal name of an entity is vital to the issuance and prosecution of violations. Extensive investigation is often necessary to discover the true legal name of the business, which adds time to the overall investigative process. Collectively, all these issues have worked together to increase the amount of time an inspector must spend on each inspection. Finally, the percentage of inspections with citations contested has risen from 7.8 percent in 1987 to 13.2 percent in 2010. That trend is expected to continue in 2010 and on into the next biennium.



OSH cannot compete with private sector employee salaries for safety inspectors, nor can the Division compete with other state agencies which may provide more levels of classifications for personal advancement. Once an inspector reaches a certain level, he or she cannot advance further. **This highly skilled employee is forced, as the result of the state's classification system, to remain in a position where salary advancements are a meager one (1) percent or two (2) percent per year. Morale suffers and the more experienced highly sought after personnel leave the Division's employ for higher salaries and better benefits.**

If an effort to resolve some of the staffing problems, OSH is asking for a personnel cap increase during the 2011-2012 biennial expansion budget process. If approved, the expansion will increase current staffing levels from 51 full-time personnel positions to 56 full-time employees. The new positions, if approved, will be allocated three (3) to the Safety Branch and two (2) to the Health Branch.

The following tables illustrate the successes and concerns of the OSH program, in addition to the business outcomes for the past several years. Additional personnel, adequate budget allocations for training, travel, publications, expert trainers, equipment, laboratory expenses, IT services, employee physicals, teaching publications and research materials are essential to the statutory mandates for the KYOSH program.

**The Division of Compliance is also responsible for the enforcement of the state's occupational safety and health anti-discrimination provisions.** KRS 338.121(3) offers protection to employees from reprisals that could result from the exercise of rights afforded by the occupational safety and health statutes. A system of citations and penalties, appeals to the OSH Review Commission and reinstatement authority by the Commissioner, while final determination is pending before the Review Commission, distinguish the Kentucky anti-discrimination effort. In addition, 803 KAR 2:240 allows any employee who believes he/she has been the victim of discrimination the right to file a complaint within 120 days of the alleged violation, as opposed to the thirty (30) days allowed by federal law. The Division of Compliance received 107 alleged discrimination complaints in FY 2010. The Division opened 46 alleged discrimination complaints and referred 61 complaints to other agencies or did not accept the discrimination complaints for investigation. Of the 31

investigations, one (1) were settled without citations and penalties, 44 were unfounded, and one (1) is currently open. The average time to complete a discrimination investigation is approximately 70 days.





## INSPECTION DATA

Table 1.

Illustrates that Compliance conducted 1084, or 49 percent, fewer total inspections in 2010 than it did in 1987.

Fiscal Year	Total No. of Inspections
1987	2218
1994	1336
2004	1808
2005	1804
2006	1474
2007	1391
2008	1276
2009	1309
2010	1134

Table 2.

Illustrates that Compliance conducted 57 percent fewer general (programmed) schedule inspections in 2010 than in 2004 and 92 percent fewer inspections than in 1987. When compared to Table 1, Compliance is conducting 18 percent fewer general scheduled inspections in 2010 compared to 72 percent in 1987.

Fiscal Year	Programmed Inspections (Planned)
1987	1606
1994	492
2004	538
2005	429
2006	238
2007	263
2008	271
2009	218
2010	133





Table 3.

Illustrates the number of unprogrammed inspections that OSH has conducted during prior years. The percentages of accident/ complaint / referral / amputation / hospitalization / unprogrammed related / follow-up inspections out of the total number of inspections have been increasing over the years. These types of inspections, and from 2006, the programmed other inspections, represent partial inspections (hospitalization and amputation inspections are coded as programmed other). In the cases of accident/complaint/referral/amputation/hospitalization/unprogrammed related/follow-up, the inspector just looked at items specific to these issues. The percentage of general schedule (comprehensive) inspections, as related to the total number of inspections, is decreasing.

Fiscal Year	Percentage	Unprogrammed Inspections/Follow-up Inspections *
1987	27	597
1994	35	467
2004	37	663
2005	42	813
2006	66	980
2007	69	964
2008	64	823
2009	58	755
2010	33	756

\* The reporting regulation went into effect November 1, 2006. Compliance began classifying these inspections as referrals in FY 2010.

Table 4.

Illustrates the number of employees covered by OSH inspections.

Fiscal Year	Employees Covered by OSH Inspections
1987	84,948
1994	75,347
2004	95,979
2005	76,416
2006	86,355
2007	74,499
2008	76,757
2009	69,975
2010	70,275



According to this table, OSH Compliance has steadily decreased the number of employees covered by inspections. OSH covered 26,004, or 27 percent fewer employees in 2010 than in 2004 and 14,973, or 18 percent fewer than in 1987.

Table 5.

Illustrates OSH Compliance issued 1276, or 47 percent, fewer total citations in 2010 than in 2004 and 3443, or 71 percent, fewer citations than in 1987.

Fiscal Year	Total Number of Violations Issued
1987	4889
1994	3462
2004	2722
2005	2544
2006	1782
2007	1775
2008	1905
2009	1455
2010	1446

Table 6.

Illustrates OSH Compliance issued 321, or 17 percent, fewer serious citations in 2010 than in 2004 and 288, or 15 percent, fewer serious violations in 1994.

Fiscal Year	Total Number of Serious Violations Issued
1987	942
1994	1168
2004	1201
2005	1180
2006	990
2007	1045
2008	1138
2009	888
2010	880



Table 7.

Illustrates total number of inspections from hospital reports. This reporting regulation became effective November 1, 2006. Some of the inspections for reported hospitalizations and amputations may have been conducted as complaints or referrals reported by the injured employee or his or her representative. Hospitalization and amputation inspections are not coded as referrals or complaints, but as programmed other. The ability to conduct more general schedule inspections and follow-ups may have prevented some of the amputations and hospitalizations.

Fiscal Year	Total Number of Inspections from Hospital Reports
2008	12
2009	65
2010	26

Table 8.

Illustrates the total number of health and safety inspectors conducting inspections during a reporting calendar year.

Fiscal Year	Total Number of Health/Safety Inspectors
1987	31
1994	37
2004	44
2005	43
2006	44
2007	40
2008	44
2009	30
2010	44



Table 9.

Illustrates the average number of hours spent on each health and safety inspection today as compared to the amount of time spent per inspection in 1987. Inspections conducted today are not the same as those conducted in 1987. Today, employers are more aware of methods to elude responsibility such as the employer/employee relationship and multi-employer liability. Additionally, attorneys are brought into inspections much earlier and at a much greater rate than in the past. Since the Occupational Safety and Health Review Commission has contracted with the **Office of the Attorney General's Division of Administrative Hearings to hear OSH cases, the rules of evidence are adhered to more strictly and the manner in which and from whom evidence is gathered can determine whether or not it is admissible in a KOSHRC hearing.**

Fiscal Year	Average Number of Hours Per Safety and Health Inspection
1987	22.5
2004	39.9
2010	47.95





## **PROGRAM AREA: THE DIVISION OF WORKERS' COMPENSATION FUNDS**

**DESCRIPTION:** The Division of Workers' Compensation Funds exists pursuant to KRS 342.120 to administer and maintain records for the special fund and coal workers' pneumoconiosis fund. To achieve its statutory purposes, the Division strives for timely and accurate benefit payments and maintenance of complete and accurate records. The Division is headed by a director who oversees a professional administrative staff consisting of eight employees.

**FUNDING SOURCE:** Appropriations for the special fund are derived from assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance) paid by all Kentucky employers pursuant to KRS 342.122. The coal fund is funded entirely by employers engaged in the severance or processing of coal through assessments against workers' compensation insurance premiums (or simulated self-insurance premiums) and assessments against tons of coal severed pursuant to KRS 342.1242. All assessments are collected, managed and invested by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.122, 342.1223, and 342.1242.

**APPLICABLE STATUTES:** The Division of Workers' Compensation Funds operates pursuant to KRS 342.120, 342.1242, 342.316, 342.732 and other applicable law.

**PROGRAM STATUS:** Major reform legislation in 1996, known as House Bill 1, abolished special fund liability for injuries (and for diseases, last injurious exposures) occurring after December 12, 1996. However, the reform legislation did not affect the incurred liability of the fund (actuarially valued in 2009 at \$1.482 billion), and the ongoing obligation to pay income benefits to beneficiaries who have awards against the special fund. Division records reflect the fund has liability in over 10,000 open claims, nearly all of which are payable for the life of the injured worker. Thus, even though fund liability as described above has been abolished, the Division will pay special fund income benefits for incurred liability well into this century.

The 1996 workers' compensation reform legislation also created the coal workers' pneumoconiosis fund (coal fund) to assure that liabilities for coal workers' pneumoconiosis resulting from last exposures after December 12, 1996, be the financial responsibility of employers engaged in the severance and processing of coal. (See KRS 342.1241.) The coal fund is liable for one-half of awarded income and retraining benefits, payable contemporaneously with employer paid benefits. (See KRS 342.1242.)





Table 1.

Special Fund	Fiscal Year 2008-2009	Fiscal Year 2009-2010
Benefits Paid	\$67,160,210	\$65,835,013
Payments Per Month (average)	14,164	13,826

Table 2.

Coal Fund	Fiscal Year 2008-2009	Fiscal Year 2009-2010
Benefits Paid	\$1,083,211	\$1,301,870
B-Reader Fees	\$ 20,100	\$ 22,800
Payments Per Month (average)	251	257
New Awards/ Settlements	21	18





## **PROGRAM AREA: DEPARTMENT OF WORKERS' CLAIMS**

**DESCRIPTION:** The primary function of the Department of Workers' Claims is to enforce statutes with regard to workers' compensation insurance coverage for Kentucky's 2.1 million employees, ensuring fair treatment of persons injured on the job, and restoring injured persons to gainful employment expeditiously. This goal is accomplished through a complex system of administration, enforcement, and adjudication.

The original Workers' Compensation Act was adopted in 1916, whereby employees were granted replacement income and medical services for disability arising from on-the-job accidents. In exchange, employers were afforded immunity from common lawsuits. Over the past 94 years, the Workers' Compensation Program has undergone major changes.

The most recent significant changes occurred in 1996, with some important modifications in 2000. This has provided a level of stability to the analysis of entitlement to benefits. This stability is beneficial to both employees and employers. Court decisions interpreting portions of the statute have raised some concerns, but generally applicable law has remained remarkably stable in this ten to fourteen year period.

Efforts to impact the system by reducing litigated claims, increasing certainty of entitlement to income benefits and objectively controlling medical expenses demonstrated reduced costs to Kentucky employers during the early years. Unfortunately with rising medical costs a steady increase in the total cost of the system began to take place. However, since 2008 fewer injuries resulting in fewer claims and only slight increases in costs per claim have enabled the overall cost of the system to decrease by more than twenty percent (20%). Continued efforts to manage increasing medical costs by emphasizing quality, and not merely quantity, should reduce costs even further.

Upholding the purpose of expeditiously delivering fair and reasonable wage and medical benefits to injured workers at a manageable cost to the employer remains the overriding goal in the oversight of Kentucky's workers' compensation system.

The Department of Workers' Claims is headed by a Commissioner, who is appointed by the Governor and confirmed by the Senate. The Commissioner acts as the appointing authority for the Department. In addition to the Office of the Commissioner, the Department is comprised of the Office of General Counsel; the Workers' Compensation Board; the Office of Administrative Law Judges; the Division of Claims Processing; the Division of Security and Compliance; the Division of Information and Research; and the Division of Ombudsmen and Workers' Compensation Specialist Services.



The primary objectives of the Department of Workers' Claims is the competent and responsive delivery of services to stakeholders; the desire to foster stakeholder knowledge of their rights and responsibilities under the Worker's Compensation Act; to insure the prompt delivery of statutory benefits including medical services and indemnity payments; to include the stakeholder in the development of policy and delivery mechanisms that will expedite the delivery of benefits and services to the injured worker; to provide the public and policy makers with accurate and current indicators of program performance; and to anticipate changes in the Program environment and to respond appropriately.

**FUNDING SOURCES:** The funding for the administration of the Department of Workers' Claims is restricted agency receipts provided by assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance paid by all Kentucky employers pursuant to KRS 342.122). All assessments are collected, managed, invested and disbursed by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.122; KRS 342.1223; and KRS 342.1242.

**APPLICABLE STATUTES:** The Department of Workers' Claims within the Kentucky Labor Cabinet operates under the authority of KRS 11, 342, 336, and Executive Order 2009-537.

**PROGRAM STATUS:** The Commissioner of the Department of Workers' Claims, under the directive of KRS 342.230(2) and KRS 342.435, will prepare and file an agency report for submission to the Governor under separate cover.





PROGRAM AREA: THE OFFICE OF GENERAL ADMINISTRATION AND PROGRAM SUPPORT

DESCRIPTION: The Office of General Administration and Program Support (GAPS) includes the Office of the Executive Director, the Division of Human Resources Management, the Division of Fiscal Management, the Division of Budgets and the Division of Information Services. The Office of the Executive Director is responsible for final administrative and programmatic decision-making with regard to GAPS. However, GAPS is affixed to the Labor Cabinet for administrative purposes only and the Labor Cabinet Secretary serves as the appointing authority for the Office. GAPS serves as the administrative, personnel, fiscal, budget and technology support arm for the Labor Cabinet, the Public Protection Cabinet, and the Energy and Environment Cabinet.

FUNDING SOURCE: GAPS is funded with 42 percent restricted agency receipts, 57 percent General Fund dollars and one (1) percent federal funds.

APPLICABLE STATUTES: Executive Order 2008-472; Executive Order 2009-537; and KRS 342 and 12.050.

PROGRAM STATUS: The Executive **Director's office provides leadership and direction for each** of the four divisions within GAPS and the Operations Branch. The Operations Branch **administers the Cabinets' motor pool, manages the Cabinets' fuel card program, establishes** policies for vehicle operation and coordinates with the Department of Insurance to ensure the vehicles have proper coverage.

Matters relative to lease and rental properties and equipment are also managed by the Operations Branch. This includes the state-owned facilities occupied by the Cabinets, as well as office and storage space and lands leased.

**With the exception of the Labor Cabinet, the Operations Branch also maintains all the Cabinets' contracts for cell phones and other mobile communications equipment. Installation and maintenance of the Cabinets' office telephone systems and wiring of office computer systems** is performed by the Branch as well.

GAPS/DIVISION OF FISCAL MANAGEMENT: The Division of Fiscal Management was established to provide oversight, direction and support to the three cabinets. The Division is assigned pre-audit authority for the three cabinets' numerous divisions and offices. In addition, the Division acts as liaison with the Finance and Administration Cabinet, the Legislative Research Commission, federal awarding agencies and the Auditor of Public Accounts.

The Division of Fiscal Management oversees all centralized accounting and purchasing functions of the three cabinets. The Division consists of the Director's Office and three



branches. The Director serves as fiscal officer and eMARS security lead for the three cabinets. Additional responsibilities include negotiating an indirect cost plan, answering audit inquiries, issuing specialized reports, coordinating fiscal year-end closing and maintaining centralized fiscal documents according to the Library and Archives agreement.

#### GAPS/DIVISION OF HUMAN RESOURCES:

The Division of Human Resources Management administers personnel policies, payroll policies and processing procedures, employment and development training and employee relations for 3,000 plus employees. The purpose of the Division is multifaceted, but can generally be divided into three categories:

1. Ensure legal compliance with state and federal employment law, including training in compliance;
2. Provide human resources guidance and assistance to over 500 EEC and PPC supervisors and management staff; and,
3. Provide human resources guidance and administration to 3,000 EEC, PPC, and Labor Cabinet employees.

**The Division is comprised of the Director's Office and three branches; the Personnel Branch, the Payroll Branch and the Training and Recruitment Branch.**

**The Director's Office, in addition to managing the coordination of the following three branches,** reviews and approves the recommendations from those branches, participates in resolving Cabinet disciplinary issues, provides human resources advice to executive management, performs special projects for the Office of the Secretary and the Executive Director of GAPS, provides leadership to improve the human resources process and climate in the Cabinet, acts as a liaison with the Personnel Cabinet, supervises and directs reports and other duties.

The Personnel Branch provides human resources advice to employees and managers, reviews all requests for personnel and position actions for legal and policy compliance, reviews and processes all requests to fill positions, monitors compliance with the employee evaluation system, interfaces with the Personnel Cabinet to ensure timely processing of personnel/position actions and advises Director and executive management of human resources issues in assigned agencies.

The Payroll Branch provides payroll and benefits administration services to employees and supervisors, assures semi-monthly paychecks are accurate, handles employee deductions and taxes, keeps official leave balances, reconciles payroll issues, facilitates special checks through the Personnel Cabinet and Treasury, provides administration of state life and health insurance programs and administers Family Medical Leave (FMLA) and sick leave sharing programs.



The Training and Recruitment Branch provides advice to employees and managers relating to requests for outside training and educational assistance, determines Cabinet training needs, develops and conducts in-house training, conducts new employee orientation, provides training relating to EEO issues and Title VII compliance, provides training and disseminates information regarding Cabinet policies and procedures and assists in recruiting to improve diversity in the **Cabinet's workforce and to fill highly technical positions.**

The Division of Human Resources is conducting intensive compliance training on federal employment law; including diversity; equal employment opportunity; equal pay; anti-discrimination; anti-harassment and workplace violence for all three cabinets. Managers are also receiving training on public employment law, specifically KRS 18A, 101 KAR, and Ethics Policies.

#### GAPS/DIVISION OF BUDGETS:

The Division of Budgets has the responsibility of providing executive direction and leadership for budgeting and financial resources within the three cabinets. The Division has the responsibility of developing, implementing and maintaining the Cabinet budget and financial policy. The budget analysts advise commissioners, executive officers, division directors and agency staff regarding budget development, understanding policy, implementation, maintenance, modification and historical data. Each analyst is assigned specific departments/agencies with the three cabinets. The Division Director plans finances and advises the cabinet secretaries and other executive staff on budget development, policy, implementation, maintenance, modification, historical data and directs and manages the Division of Budgets.

The Division of Budgets serves as liaison to the Office of the State Budget director (OSBD) and the Legislative Research Commission (LRC). The Division is responsible for preparation and update of the Cabinet Biennial Budget, operating budgets, Six-Year Capital Budget Plan and capital projects. Most agencies assign employees as contacts to provide the Division of Budgets with input concerning their budgetary needs, but all final budget development and oversight is done in the Division at Cabinet level.

#### GAPS/DIVISION OF INFORMATION SERVICES:

The Energy and Environment Cabinet and the Public Protection Cabinet are supported by the Division of Information Services. The Labor Cabinet is supported by its own Information **Technology Branch and receives no services from the Division. The Division's primary goal is to** provide information technology support and facilitate the permitting, inspection, enforcement and other core business activities of the two cabinets served. The Division establishes information technology policies based on administrative priorities, the requirements under state and federal laws and regulations, legislative initiatives and the concerns of private citizens.

The Division of Information Services support includes over 2,275 desktop and laptop computers and over 200 servers. This equipment and the necessary operating system and office system software is monitored, maintained and updated by a staff of 13 technical, three (3)





**administrative and two (2) contract employees. To meet the Division's mission, the structure** includes the Operations and Network Branch, the Application Analysis and Development Branch and the Geographic Information Branch.

Since this division does not support the Labor Cabinet, accomplishments of this Division will be further highlighted in the Annual Reports of the Energy and Environment Cabinet and the Public Protection Cabinet.

Currently, there are 61 full-time personnel assigned to GAPS. The 2010 budget is \$4,876,900. Additional funding will be requested in the 2011-2012 biennial growth budget to fund one additional full time position and one additional part-time position, along with related operating costs. The funds for this expansion will be sought from the General Fund.





PROGRAM AREA: OFFICE OF INSPECTOR GENERAL

**DESCRIPTION:** Defined in its mission statement, the Office of Inspector General (OIG) works to prevent, identify, and eliminate fraud, waste, abuse and mismanagement within the Labor, Public Protection and Energy and Environment Cabinets. There are a few interesting twists to this agency created in 1999 and attached to the Office of the Secretary of the Labor Cabinet for administrative purposes only. (KRS. 336.015(3)(j)). First, OIG is charged with investigating environmental crimes in addition to its other duties. Second, OIG is part of a shared services arrangement along with the Office of General Administration and Program Support Shared Services (GAPS). **"Shared Services" is a relatively new concept in state government. GAPS and OIG are the only shared service agencies in the Commonwealth.** This arrangement is part of a growing trend nationally in an **"effort to conserve limited resources, eliminate duplication, and provide a uniform management system" to support three, independent cabinets.** (Memorandum of Agreement Among Energy and Environment Cabinet, Labor Cabinet, and Public Protection Cabinet, June 2010).

**FUNDING SOURCE:** Funding for this office is derived 61 percent from General Fund dollars and 39 percent from restricted agency receipts collected from assessments levied against workers' compensation insurance premiums (or simulated premiums) per KRS 342.122.

**APPLICABLE STATUTES:** KRS 336.015(3)(j); Executive Orders 2008-472; 2009-537 and Memorandum of Agreement Among Energy and Environment Cabinet, Labor Cabinet, and Public Protection Cabinet, June 2010.

**PROGRAM STATUS:** OIG investigates violations of KRS Chapters 18A, 149, 151, 224, and 350 (including violations of Kentucky Administrative Regulations (KAR), Titles 101, 400 through 402, and 405, and 802 through 825 promulgated pursuant to the Kentucky Revised Statutes). Personnel investigations identify wrongdoing by some employees and clear others of unfounded allegations. **OIG's investigative reports are presented to the Secretaries of the Cabinets for their review as well as the Office of Legal Services.** Violations of policies, statutes or regulations may result in private or public reprimands or dismissal. Some violations are referred to the Executive Branch Ethics Commission while others are referred for criminal prosecution either in Franklin County or in the county wherein the alleged criminal activity took place. OIG criminal investigations have resulted in convictions for misuse of confidential information, official misconduct, theft, possession of a forged instrument, illegal dumping and other violations of environmental regulations and statutes.

The results of the First Audit Initiative involving wireless devices used by the three cabinets identified a potential savings of \$193,920. The final reviews conducted of all agencies audited demonstrated a substantial savings of \$79,230 in corrections made by the agencies pursuant to the OIG audit. In all, OIG conducted 40 audits. In addition to the audit initiative and follow-up, which began in 2009, OIG conducted 107 referrals and investigations during FY09-FY10.

**RECEIPTS****Office of the Secretary (Department 102) Rollup**

Restricted Fund Carry-Forward from FY 2009	\$ 357,400.97
Transfers From Worker Comp Funding Commission	\$ 3,733,000.00
Prior Year Refunds	\$ -
General Sales	\$ 5,289.31
Misc. Donations	\$ 5,222.10
Transferred Fund by GAPS for Indirect Cost	\$ 14,674.74

**Total Insurance Administration Funds** \$ 4,115,587.12

Federal Fund Carry-Forward from FY 2009 \$ 15,616.46

Transfer from U.S. Department of Labor \$ 101,848.63

**Total Federal Funds** \$ 117,465.09

**Office of the Secretary (Department 102) Totals** \$ 4,233,052.21

**Secretary's Office**

**Insurance Administration Funds** \$ 722,515.33

Restricted Fund Carry-Forward from FY 2009	\$ 69,293.23
Transfers From Worker Comp Funding Commission	\$ 648,000.00
Prior Year Refunds	\$ -
General Sales	\$ -
Misc. Donations	\$ 5,222.10
Transferred Fund by GAPS for Indirect Cost	\$ -

**Federal Funds** \$ -

Federal Fund Carry-Forward from FY 2009 \$ -

Transfer from U.S. Department of Labor \$ -

**Secretary's Office Total Receipts** \$ 722,515.33

**Division of Management Services**

**Insurance Administration Funds** \$ 2,361,402.15

Restricted Fund Carry-Forward from FY 2009	\$ 207,402.15
Transfers From Worker Comp Funding Commission	\$ 2,154,000.00
Prior Year Refunds	\$ -
General Sales	\$ -
Misc. Donations	\$ -
Transferred Fund by GAPS for Indirect Cost	\$ -

**Federal Funds** \$ -

Federal Fund Carry-Forward from FY 2009 \$ -

Transfer from U.S. Department of Labor \$ -

**Division of Management Services Total Receipts** \$ 2,361,402.15

**Office of General Counsel**

**Insurance Administration Funds** \$ 1,031,669.64

Restricted Fund Carry-Forward from FY 2009	\$ 80,705.59
Transfers From Worker Comp Funding Commission	\$ 931,000.00
Prior Year Refunds	\$ -
General Sales	\$ 5,289.31
Misc. Donations	\$ -
Transferred Fund by GAPS for Indirect Cost	\$ 14,674.74

**Federal Funds** \$ 117,465.09

Federal Fund Carry-Forward from FY 2009 \$ 15,616.46

Transfer from U.S. Department of Labor \$ 101,848.63

**Office of General Counsel Total Receipts** \$ 1,149,134.73



## **EXPENDITURES**

### **Office of the Secretary**

Personnel	3,393,777.16
Operating	630,328.65
Awards	-
Capital Outlay	36,459.28
<b>Total Expenditures</b>	<b>\$ 4,060,565.09</b>

### **Secretary's Office**

Personnel	617,984.88
Operating	110,032.83
Awards	-
Capital Outlay	2,325.14
<b>Total Expenditures</b>	<b>\$ 730,342.85</b>

### **Management Services**

Personnel	1,788,904.03
Operating	380,079.68
Awards	-
Capital Outlay	29,483.86
<b>Total Expenditures</b>	<b>\$ 2,198,467.57</b>

### **Labor General Counsel**

Personnel	986,888.25
Operating	140,216.14
Awards	-
Capital Outlay	4,650.28
<b>Total Expenditures</b>	<b>\$ 1,131,754.67</b>

**RECEIPTS****Department of Workplace Standards**

<b>Total General Funds</b>		<b>\$ 1,878,400.00</b>
Carry-Forward from FY 2009	\$ 4,367,674.90	
Transfers From Worker Comp Funding Commission	\$ 73,065,761.21	
Prior Year Refunds	\$ -	
Insurance Reimbursements	\$ 1,301,004.32	
Other Receipts	\$ 432,497.50	
Transferred Fund by GAPS for Indirect Cost	\$ 213,284.81	
<b>Insurance Administration Funds</b>		<b>\$ 79,380,222.74</b>
Carry-Forward from FY 2009	\$ -	
Transfer from U.S. Department of Labor	\$ 3,867,987.06	
<b>Federal Funds</b>		<b>\$ 3,867,987.06</b>
<b>Department of Workplace Standards (Department 106) Totals</b>		<b>\$ 85,126,609.80</b>

**WPS Commissioner's Office**

<b>Total General Funds</b>		<b>\$ -</b>
Carry-Forward from FY 2009	\$ 477,791.67	
Transfers From Worker Comp Funding Commission	\$ -	
Prior Year Refunds	\$ -	
Insurance Reimbursements	\$ -	
Other Receipts	\$ -	
Transferred Fund by GAPS for Indirect Cost	\$ -	
<b>Total Insurance Administration Funds</b>		<b>\$ 477,791.67</b>
Carry-Forward from FY 2009	\$ -	
Transfer from U.S. Department of Labor	\$ -	
<b>Total Federal Funds</b>		<b>\$ -</b>
<b>Commissioner's Office Total Receipts</b>		<b>\$ 477,791.67</b>

**Compliance**

<b>Total General Funds</b>		<b>\$ -</b>
Carry-Forward from FY 2009	\$ 136,461.83	
Transfers From Worker Comp Funding Commission	\$ 1,775,300.00	
Prior Year Refunds	\$ -	
Insurance Reimbursements	\$ -	
Other Receipts	\$ -	
Transferred Fund by GAPS for Indirect Cost	\$ -	
<b>Total Insurance Administration Funds</b>		<b>\$ 1,911,761.83</b>
Carry-Forward from FY 2009	\$ -	
Transfer from U.S. Department of Labor	\$ 1,638,154.90	
<b>Total Federal Funds</b>		<b>\$ 1,638,154.90</b>
<b>Compliance Total Receipts</b>		<b>\$ 3,549,916.73</b>

**Education & Training**

<b>Total General Funds</b>		<b>\$ -</b>
Carry-Forward from FY 2009	\$ (139,199.97)	
Transfers From Worker Comp Funding Commission	\$ 2,250,461.21	
Prior Year Refunds	\$ -	
Insurance Reimbursements	\$ -	
Other Receipts	\$ -	
Transferred Fund by GAPS for Indirect Cost	\$ 213,284.81	
<b>Total Insurance Administration Funds</b>		<b>\$ 2,324,546.05</b>
Carry-Forward from FY 2009	\$ -	
Transfer from U.S. Department of Labor	\$ 2,227,820.42	
<b>Total Federal Funds</b>		<b>\$ 2,227,820.42</b>
<b>Education &amp; Training Total Receipts</b>		<b>\$ 4,552,366.47</b>

**RECEIPTS****Employment Standards**

<b>Total General Funds</b>		<b>\$ 1,878,400.00</b>	
Carry-Forward from FY 2009	\$ -		
Transfers From Worker Comp Funding Commission	\$ -		
Prior Year Refunds	\$ -		
Insurance Reimbursements	\$ -		
Other Receipts	\$ -		
Transferred Fund by GAPS for Indirect Cost	\$ -		
<b>Total Insurance Administration Funds</b>		<b>\$ -</b>	
Carry-Forward from FY 2009	\$ -		
Transfer from U.S. Department of Labor	\$ 2,011.74		
<b>Total Federal Funds</b>		<b>\$ 2,011.74</b>	
<b>Employment Standards Total Receipts</b>			<b>\$ 1,880,411.74</b>

**Special Fund**

<b>Total General Funds</b>		<b>\$ -</b>	
Carry-Forward from FY 2009	\$ 3,705,966.82		
Transfers From Worker Comp Funding Commission	\$ 67,884,000.00		
Prior Year Refunds	\$ -		
Insurance Reimbursements	\$ 1,301,004.32		
Other Receipts	\$ 255,422.50		
Transferred Fund by GAPS for Indirect Cost	\$ -		
<b>Total Insurance Administration Funds</b>		<b>\$ 73,146,393.64</b>	
Carry-Forward from FY 2009	\$ -		
Transfer from U.S. Department of Labor	\$ -		
<b>Total Federal Funds</b>		<b>\$ -</b>	
<b>Special Fund Total Receipts</b>			<b>\$ 73,146,393.64</b>

**Coal Workers Pneumconiosis Fund**

<b>Total General Funds</b>		<b>\$ -</b>	
Carry-Forward from FY 2009	\$ 186,654.55		
Transfers From Worker Comp Funding Commission	\$ 1,156,000.00		
Prior Year Refunds	\$ -		
Insurance Reimbursements	\$ -		
Other Receipts	\$ 177,075.00		
Transferred Fund by GAPS for Indirect Cost	\$ -		
<b>Total Insurance Administration Funds</b>		<b>\$ 1,519,729.55</b>	
Carry-Forward from FY 2009	\$ -		
Transfer from U.S. Department of Labor	\$ -		
<b>Total Federal Funds</b>		<b>\$ -</b>	
<b>Coal Workers Pneumconiosis Fund Total Receipts</b>			<b>\$ 1,519,729.55</b>





## **EXPENDITURES**

### **Department of Workplace Standards**

Personnel	8,266,843.92
Operating	1,949,765.00
Awards	67,139,122.92
Capital Outlay	448,884.94
<b>Total Expenditures</b>	<b>\$ 77,804,616.78</b>

### **Commissioner' s Office**

Personnel	203,846.03
Operating	27,352.47
Awards	-
Capital Outlay	997.41
<b>Total Expenditures</b>	<b>\$ 232,195.91</b>

### **Compliance**

Personnel	2,658,960.71
Operating	878,210.08
Awards	-
Capital Outlay	212,766.88
<b>Total Expenditures</b>	<b>\$ 3,749,937.67</b>

### **Education & Training**

Personnel	3,245,688.40
Operating	666,272.62
Awards	-
Capital Outlay	232,465.20
<b>Total Expenditures</b>	<b>\$ 4,144,426.22</b>

### **Employment Standards**

Personnel	1,537,910.92
Operating	233,241.18
Awards	9,630.86
Capital Outlay	-
<b>Total Expenditures</b>	<b>\$ 1,780,782.96</b>

### **Special Fund**

Personnel	479,706.04
Operating	141,590.75
Awards	65,827,621.70
Capital Outlay	2,325.14
<b>Total Expenditures</b>	<b>\$ 66,451,243.63</b>

### **Coal Workers' Pneumoconiosis Fund**

Personnel	140,731.82
Operating	3,097.90
Awards	1,301,870.36
Capital Outlay	330.31
<b>Total Expenditures</b>	<b>\$ 1,446,030.39</b>

**RECEIPTS****Department of Workers' Claims****Insurance Administration Funds**

Carry-Forward from FY 2009	\$ 944,465.39
Transfers From Worker Comp Funding Commission	\$ 13,215,500.00
Prior Year Refunds	\$ 306.20
Rent Of Bldgs to Other St Agency	\$ 2,426.89
General Sales	\$ 119,490.69

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**Department of Workers' Claims (Department 107) Totals** **\$ 14,282,189.17**

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**Commissioner's Office****Insurance Administration Funds**

Carry-Forward from FY 2009	\$ 145,095.53
Transfers From Worker Comp Funding Commission	\$ 2,058,200.00
Prior Year Refunds	\$ 2.50
Rent Of Bldgs to Other St Agency	\$ -
General Sales	\$ 119,490.69

**Commissioner's Office Total Receipts** **\$ 2,322,788.72****Division of Information & Research****Insurance Administration Funds**

Carry-Forward from FY 2009	\$ 169,163.91
Transfers From Worker Comp Funding Commission	\$ 1,188,900.00
Prior Year Refunds	\$ -
Rent Of Bldgs to Other St Agency	\$ -
General Sales	\$ -

**Division of Information & Research Total Receipts** **\$ 1,358,063.91****Division of Claims Processing****Insurance Administration Funds**

Carry-Forward from FY 2009	\$ 73,111.91
Transfers From Worker Comp Funding Commission	\$ 881,500.00
Prior Year Refunds	\$ -
Rent Of Bldgs to Other St Agency	\$ -
General Sales	\$ -

**Division of Claims Processing Total Receipts** **\$ 954,611.91****Office of Administrative Law Judges****Insurance Administration Funds**

Carry-Forward from FY 2009	\$ 285,947.76
Transfers From Worker Comp Funding Commission	\$ 4,713,500.00
Prior Year Refunds	\$ 94.10
Rent Of Bldgs to Other St Agency	\$ 2,426.89
General Sales	\$ -

**Office of Administrative Law Judges Total Receipts** **\$ 5,001,968.75**



## **RECEIPTS**

### **Division of Security & Compliance**

#### **Insurance Administration Funds**

Carry-Forward from FY 2009	\$	111,775.80
Transfers From Worker Comp Funding Commission	\$	1,758,500.00
Prior Year Refunds	\$	209.60
Rent Of Bldgs to Other St Agency	\$	-
General Sales	\$	-

**Division of Security & Compliance Total Receipts** \$ **1,870,485.40**

### **Workers' Compensation Board**

#### **Insurance Administration Funds**

Carry-Forward from FY 2009	\$	39,783.55
Transfers From Worker Comp Funding Commission	\$	890,600.00
Prior Year Refunds	\$	-
Rent Of Bldgs to Other St Agency	\$	-
General Sales	\$	-

**Workers' Compensation Board Total Receipts** \$ **930,383.55**

### **Division of Ombudsman & WC Specialist**

#### **Insurance Administration Funds**

Carry-Forward from FY 2009	\$	119,586.93
Transfers From Worker Comp Funding Commission	\$	1,345,500.00
Prior Year Refunds	\$	-
Rent Of Bldgs to Other St Agency	\$	-
General Sales	\$	-

**Division of Ombudsman & WC Specialist Total Receipts** \$ **1,465,086.93**

### **Workers' Claims General Counsel**

#### **Insurance Administration Funds**

Carry-Forward from FY 2009	\$	-
Transfers From Worker Comp Funding Commission	\$	378,800.00
Prior Year Refunds	\$	-
Rent Of Bldgs to Other St Agency	\$	-
General Sales	\$	-

**Workers' Claims General Counsel Total Receipts** \$ **378,800.00**



## **EXPENDITURES**

### **Department of Workers' Claims**

Personnel	11,846,891.06
Operating	2,358,972.12
Awards	-
Capital Outlay	77,832.10
<b>Total Expenditures</b>	<b>\$ 14,283,695.28</b>

### **Commissioner's Office**

Personnel	1,563,057.95
Operating	733,909.43
Awards	-
Capital Outlay	50,439.00
<b>Total Expenditures</b>	<b>\$ 2,347,406.38</b>

### **Division of Information and Research**

Personnel	1,113,421.70
Operating	213,616.35
Awards	-
Capital Outlay	19,496.10
<b>Total Expenditures</b>	<b>\$ 1,346,534.15</b>

### **Division of Claims processing**

Personnel	829,310.44
Operating	123,794.32
Awards	-
Capital Outlay	-
<b>Total Expenditures</b>	<b>\$ 953,104.76</b>

### **Office of Administrative Law Judges**

Personnel	4,184,196.33
Operating	821,517.94
Awards	-
Capital Outlay	1,891.00
<b>Total Expenditures</b>	<b>\$ 5,013,611.27</b>

### **Division of Security and Compliance**

Personnel	1,647,364.59
Operating	217,993.48
Awards	-
Capital Outlay	-
<b>Total Expenditures</b>	<b>\$ 1,865,358.07</b>

### **Workers' Compensation Board**

Personnel	841,206.73
Operating	89,341.25
Awards	-
Capital Outlay	-
<b>Total Expenditures</b>	<b>\$ 930,547.98</b>

### **Division of Ombudsman & WC Specialist**

Personnel	1,304,971.24
Operating	142,453.06
Awards	-
Capital Outlay	-
<b>Total Expenditures</b>	<b>\$ 1,447,424.30</b>

### **Workers' Claims General Counsel**

Personnel	363,362.08
Operating	16,346.29
Awards	-
Capital Outlay	-
<b>Total Expenditures</b>	<b>\$ 379,708.37</b>



**RECEIPTS Fiscal Year 2010****KOSH Review Commission (Department 113)****Insurance Administration Funds**

Transfers From Worker Comp Funding Commission	\$	506,000.00
Insurance Reimbursements	\$	-
Fines & Penalties	\$	-
Prior Year Refunds	\$	-
General Sales	\$	59.35
Transferred Fund to GAPS	\$	-

**KOSH Review Commission (Department 113) Totals** **\$ 506,059.35**

**General Administration & Program Support (Department 115)**

General Funds	\$	2,580,500.00	\$	-
Federal Funds	\$	63,378.00	\$	-
Agency Funds			\$	2,104,795.00
General Funds Transferred into GAPS	\$	-		
Federal Funds Transferred into GAPS	\$	1,885.00		N112 indirect
Agency Funds Transferred into GAPS	\$	790,000.00		N113 Op trans from ag
Insurance Administration Funds Transferred into GAPS	\$	1,310,900.00		N124 Op tr from Insur
Prior Year Refunds	\$	-		
Proceeds from Asset Dispos	\$	2,000.00		
General Sales	\$	10.00		

**General Administration & Program Support (Department 115) Total** **\$ 2,104,795.00**

**Office of the Inspector General (Department 116)**

General Funds	\$	441,100.00	\$	-
Federal Funds	\$	-	\$	-
Agency Funds			\$	332,610.55
General Funds Transferred into GAPS	\$	-		
Federal Funds Transferred into GAPS	\$	-		
Agency Funds Transferred into GAPS	\$	-		
Insurance Administration Funds Transferred into GAPS	\$	329,900.00		
Property Damage	\$	-		
Proceeds from asset dis	\$	2,700.00		
General Sales	\$	10.55		

**Office of the Inspector General (Department 116) Total** **\$ 332,610.55**





**EXPENDITURES - Fiscal Year 2010**

**KOSH Review Commission**

Personnel	-
Operating	-
Awards	-
Capital Outlay	-
Total Expenditures	\$ -

**General Administration and Program Support**

Personnel	4,149,740.00
Operating	393,807.00
Awards	-
Capital Outlay	22,781.00
Total Expenditures	\$ 4,566,328.00

**Office of Inspector General**

Personnel	621,384.33
Operating	57,844.77
Awards	-
Capital Outlay	-
Total Expenditures	\$ 679,229.10



*No individual in the United States shall, on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief, be excluded from participation in, or denied benefits of, or be subjected to discrimination under any program or activity under the jurisdiction of the Kentucky Labor Cabinet.*

This agency does not discriminate on the basis of race, color, national origin, religion , age or disability in employment or provisional services.

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